



LANGEBERG

MUNISIPALITEIT MUNICIPALITY MASIPALA



These financial statements have not been audited

FINANCIAL STATEMENTS

30 JUNE 2017

LANGEBERG MUNICIPALITY

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LANGEBERG MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GENERAL INFORMATION

NATURE OF BUSINESS

Langeberg Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

Langeberg Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no 117 of 1998).

JURISDICTION

The Langeberg Municipality includes the following towns and surrounding rural areas:

*Ashton
Bonnievale
McGregor
Montagu
Robertson*

MUNICIPAL MANAGER

SA Mokweni

CHIEF FINANCIAL OFFICER

B Brown

REGISTERED OFFICE

Langeberg Municipality; 28 Main Road; Ashton; 6715

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA; PO Box 4453; Tygervalley; 7536

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Systems Amendment Act (Act no 7 of 2011)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
SALBC Collective Agreements
SALBC Leave Regulations
Infrastructure Grants
Municipal Budget and Reporting Regulations

LANGEBERG MUNICIPALITY

MEMBERS OF THE LANGE BERG MUNICIPALITY

COUNCILLORS

Jansen, H M	Executive Mayor	DA	Proportional
Van Eeden, S W	Speaker	DA	Ward 8
Joubert, G D	Deputy Mayor	DA	Proportional
Janse, D B	Member of Mayoral Committee	DA	Ward 6
Scheffers, E M J	Member of Mayoral Committee	DA	Ward 12
Burger, J D	Member of Mayoral Committee	DA	Ward 1
Strauss, S W	Member of Mayoral Committee	DA	Ward 5
Beginse, N J	Ordinary Councillor	DA	Ward 9
Bosjan, E	Ordinary Councillor	ANC	Proportional
Du Plessis, S	Ordinary Councillor	ICOSA	Proportional
Grootboom, C J	Ordinary Councillor	PDM	Proportional
Hess, P	Ordinary Councillor	DA	Ward 3
Januarie, J J S	Ordinary Councillor	ANC	Ward 4
Kriel, J	Ordinary Councillor	DA	Ward 7
Mafilika, J S	Ordinary Councillor	ANC	Proportional
Malgas, S J	Ordinary Councillor	DA	Proportional
Mbi, A S	Ordinary Councillor	ANC	Proportional
Nteta, BH	Ordinary Councillor	ANC	Ward 10
Nyamana, W Z	Ordinary Councillor	COPE	Proportional
Sibili, A J	Ordinary Councillor	ANC	Ward 2
Swanepoel, L M	Ordinary Councillor	EFF	Proportional
Van Der Merwe	Ordinary Councillor	LIP	Proportional
Van Zyl, J D F	Ordinary Councillor	DA	Ward 11

(*) As a result of the Local Government elections in August 2016 the members of council changed during the year under review. Disclosed on page 2 are members as at 30 June 2017, note 30 discloses all the members that served during the year under review.

APPROVAL OF FINANCIAL STATEMENTS

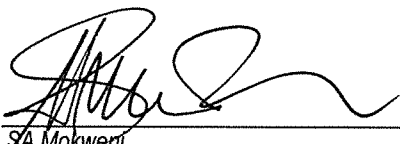
I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 110 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2018 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.


SA Mokweni

Municipal Manager

31/08/2017
Date

LANGEBERG MUNICIPALITY ANNUAL FINANCIAL STATEMENTS for the year ended 30 June 2017 REPORT OF THE CHIEF FINANCIAL OFFICER

1. INTRODUCTION

It gives me great pleasure to present the financial position of LANGE BERG MUNICIPALITY for the fiscal year 2016/2017.

In rendering a corporate financial management service to all departments, the Finance Department's primary objective is to assist the other directorates to manage their budgets and ensure the effective application of financial resources in rendering services to the community.

2. KEY FINANCIAL INDICATORS

The economic downturn, Eskom price increases and reporting compliance continue to put strain on good financial management.

Financial Statement Ratios:

INDICATOR	30 JUNE 2017	30 JUNE 2016
Surplus / (Deficit) for the year before Appropriations	76 466 331	53 074 953
Accumulated Surplus / (Deficit) at the end of the Year	519 310 697	471 635 748
Expenditure Categories as a percentage of Total Expenses:		
Employee related costs	27.80%	27.00%
Remuneration of Councillors	1.62%	1.59%
Bad Debts Written Off	3.90%	5.03%
Debt Impairment	0.00%	0.40%
Depreciation and Amortisation	4.64%	5.59%
Collection costs	0.45%	0.27%
Impairments	0.05%	0.09%
Material	1.65%	1.61%
Actuarial losses	0.00%	0.00%
Unamortised Discount - Interest paid	0.02%	0.02%
Finance Charges	2.09%	2.08%
Bulk Purchases	47.49%	44.12%
Contracted services	1.36%	1.82%
Grants and Subsidies	0.02%	0.14%
Stock Adjustments	0.00%	0.00%
General Expenses	8.85%	9.93%
Loss on disposal of Property, Plant and Equipment	0.05%	0.29%

It should be noted that bulk purchases for water and electricity is 47.41% of the total expenditure for 2016/2017.

3. OPERATING RESULTS

The overall operating results for the year ended 30 June 2017 are as follows:

DETAILS	Actual 2016/2017 R	Actual 2015/2016 R	Percentage Variance %	Budgeted 2016/2017 R	Variance actual/ budgeted %
Opening surplus / (deficit)	519 310 697	472 098 449	10.00%	-	
Operating income for the year (incl. gains in disposal of assets)	646 594 090	601 629 367	7.47%	664 218 465	-2.65%
Appropriations for the year	3 892 152	(5 862 705)		-	
	1 169 796 940	1 067 865 111	9.55%	664 218 465	76.12%
Expenditure:					
Operating expenditure for the year	570 127 759	548 554 414	3.93%	667 353 792	-14.57%
Closing surplus / (deficit)	599 669 181	519 310 697			
	1 169 796 940	1 067 865 111	9.55%	667 353 792	75.29%

4. FINANCING OF CAPITAL EXPENDITURE

The expenditure on Property, Plant and Equipment during the year amounted to R52 377 241, and in percentage terms amounts to 89.29% of budget. Full details of Property, Plant and Equipment are disclosed in note number 43.3 to the Annual Financial Statements.

The capital expenditure of R52 377 241 (2016/2017) was financed as follows:

DETAILS	Actual 2016/2017 R	Budgeted 2016/2017 R	Percentage Variance %	Source of funding as % of total Cap exp
Capital Replacement Reserve	26 501 676	32 732 130	-24%	50.60%
External Loans	-			
Grants and Subsidies	24 484 382	25 926 633	-6%	46.75%
Leased Assets	1 391 184		100%	2.66%
	<u>52 377 241</u>	<u>58 658 763</u>		<u>100.00%</u>

5. LONG-TERM LIABILITIES

	2017 R	2016 R
The outstanding amount of Long-term Liabilities as at 30 June was :	<u>23 674 384</u>	<u>26 900 310</u>
No new loans were taken up during the financial year to enable the municipality to finance its capital requirements.	<u>-</u>	<u>-</u>

Refer to Note number 3 and Appendix "A" for more detail.

6. NON-CURRENT PROVISIONS AND NON-CURRENT EMPLOYEE BENEFITS

Non-current Provisions and Employee Benefits at 30 June are made up as follows:	<u>112 627 206</u>	<u>106 397 132</u>
Provision for Post Retirement Benefits	50 185 498	49 757 869
Provision for Long Service Awards	8 679 728	8 314 474
Provision for Rehabilitation of Landfill-sites	53 761 980	48 324 789
	<u>112 627 206</u>	<u>106 397 132</u>

These provisions are made in order to enable the municipality to be in a position to fulfil its known legal obligations when they become due and payable.

7. CURRENT LIABILITIES

Current Liabilities are made up as follows:

Consumer Deposits	Note number 6	9 968 278	9 019 575
Current Employee benefits	Note number 7	14 576 647	13 924 622
Provisions	Note number 8	5 547 638	7 303 158
Payables from exchange transactions	Note number 9	70 992 637	67 904 514
Unspent Conditional Government Grants and Receipts	Note number 10	3 177 892	8 233 783
Unspent Public Contributions	Note number 11	684 330	684 330
Current Portion of Long-term Liabilities	Note number 3	5 056 160	4 241 962
		<u>110 003 581</u>	<u>111 311 943</u>

Current Liabilities are those liabilities of the municipality due and payable in the short-term (less than 12 months). There is no known reason as to why the municipality will not be able to meet its obligations.

Refer to the indicated Note numbers for more detail.

8. INTANGIBLE ASSETS

The net value of Intangible Assets is:	<u>209 437</u>	<u>210 328</u>
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These are assets which cannot physically be identified and verified and are all in respect of computer software.

Refer to Note number 15 for more detail.

9. PROPERTY, PLANT AND EQUIPMENT

The net value of Property, Plant and Equipment is:	<u>613 460 162</u>	<u>585 611 542</u>
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Refer to Note number 13 for more detail.

10. INVESTMENTS

The municipality held Investments to the value of :

Call Investment Accounts	95 083 394	90 015 287
Listed Investment	110 485	108 567
Unlisted Investments	12 336	12 336
	<u>95 206 215</u>	<u>90 136 190</u>

Refer to Note number 18 and 24 for more detail.

11. LONG-TERM RECEIVABLES

Refer to Note number 19 for more detail.

<u>634 415</u>	<u>881 223</u>
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12. CURRENT ASSETS

Current Assets are made up as follows:

Inventory	Note number 20	52 547 337	18 200 128
Receivables from exchange transactions	Note number 21	47 760 198	44 216 339
Receivables from non-exchange transactions	Note number 22	7 323 898	5 596 506
Operating Lease Asset	Note number 23	108 437	91 832
Taxes	Note number 12	1 809 247	342 206
Current Portion of Long-term Receivables	Note number 19	655 465	529 249
Cash and Cash Equivalents	Note number 24	115 104 639	103 088 259
		<u>225 309 222</u>	<u>172 064 519</u>

Refer to the indicated Note numbers for more detail.

13. INTER-GOVERNMENTAL GRANTS

The municipality plays a major role in the upliftment of the poor and in sustaining and improving infrastructure for all its citizens for which it uses grants received from government and other organisations, and thus it has a big responsibility as custodian of these funds.

Refer to Note number 26 as well as Appendix D for more detail.

14. EVENTS AFTER THE REPORTING DATE

Full details of all known events after the reporting date are disclosed in Note number 51.

15. DISCLOSURE ISSUES

Please refer to note number 46 to 55.

16. EXPRESSION OF APPRECIATION

I am grateful to the Municipal Manager, Directors and Heads of Departments for the support they extended during the financial year.

The work involved in producing financial statements just gets more detailed each year and therefore my heartfelt thanks goes to the staff at all levels and in all departments, for their hard work and dedication.



Mr B Brown
CHIEF FINANCIAL OFFICER
31 August 2017

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Notes	2017 R	Restated 2016 R
NET ASSETS AND LIABILITIES			
Net Assets		631 022 206	554 555 875
Capital Replacement Reserve	2	31 353 026	35 245 178
Accumulated Surplus		599 669 181	519 310 697
Non-Current Liabilities		130 553 663	128 343 749
Long-term Liabilities	3	17 926 458	21 946 617
Non-Current Employee Benefits	4	58 865 226	58 072 343
Non-Current Provisions	5	53 761 980	48 324 789
Current Liabilities		110 003 581	111 311 943
Consumer Deposits	6	9 968 278	9 019 575
Current Employee benefits	7	14 576 647	13 924 622
Provisions	8	5 547 638	7 303 158
Payables from exchange transactions	9	70 992 637	67 904 514
Unspent Conditional Government Grants and Receipts	10	3 177 892	8 233 783
Unspent Public Contributions	11	684 330	684 330
Current Portion of Long-term Liabilities	3	5 056 160	4 241 962
Total Net Assets and Liabilities		871 579 450	794 211 567
ASSETS			
Non-Current Assets		646 270 229	622 147 048
Property, Plant and Equipment	13	613 460 162	585 611 542
Investment Property	14	27 036 067	27 105 649
Intangible Assets	15	209 437	210 328
Heritage Assets	16	260 000	260 000
Capitalised Restoration cost	17	4 547 326	7 957 403
Non-Current Investments	18	122 821	120 903
Long-Term Receivables	19	634 415	881 223
Current Assets		225 309 222	172 064 519
Inventory	20	52 547 337	18 200 128
Receivables from exchange transactions	21	47 760 198	44 216 339
Receivables from non-exchange transactions	22	7 323 898	5 596 506
Operating Lease Asset	23	108 437	91 832
Taxes	12	1 809 247	342 206
Current Portion of Long-term Receivables	19	655 465	529 249
Cash and Cash Equivalents	24	115 104 639	103 088 259
Total Assets		871 579 450	794 211 567

LANGEBERG MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016	2016	2016
	Notes	Actual	Restated	Correction of Error Refer Note 39	Previously reported
REVENUE					
Revenue from Non-exchange Transactions		205 596 349	193 174 855		193 174 855
Taxation Revenue		42 685 693	39 954 462	-	39 954 462
Property rates	25	42 685 693	39 954 462	-	39 954 462
Transfer Revenue		136 468 873	122 165 869	-	122 165 869
Government Grants and Subsidies - Capital	26	24 502 697	46 347 944	-	46 347 944
Government Grants and Subsidies - Operating	26	111 966 176	75 817 925	-	75 817 925
Public Contributions and Donations		-	-	-	-
Other Revenue		26 441 784	31 054 524	-	31 054 524
Actuarial Gains	4	5 177 099	6 741 931	-	6 741 931
Availability fees		2 349 311	2 285 128	-	2 285 128
Fair Value Adjustments		1 918	-	-	-
Fines		9 514 508	20 679 190	-	20 679 190
Income due to Change in Discount rate		-	1 244 505	-	1 244 505
Impairment Reversal	32	9 395 800	-	-	-
Stock Adjustments		3 147	103 771	-	103 771
Revenue from Exchange Transactions		440 997 741	408 454 512	(87 543)	408 542 055
Service Charges	27	405 781 216	374 809 991	(418 941)	375 228 931
Rental of Facilities and Equipment		2 713 779	2 626 645	2 891	2 623 754
Interest Earned - external investments		5 930 563	4 391 659	-	4 391 659
Interest Earned - outstanding debtors		2 167 653	1 954 666	-	1 954 666
Licences and Permits		1 502 807	1 497 505	328 187	1 169 318
Agency Services		3 498 222	3 140 603	-	3 140 603
Other Income	28	18 733 747	16 427 932	320	16 427 612
Unamortised Discount - Interest		72 531	76 223	-	76 223
Gain on disposal of Property, Plant and Equipment		597 224	3 529 288	-	3 529 288
Total Revenue		646 594 090	601 629 367	(87 543)	601 716 910
EXPENDITURE					
Employee related costs	29	158 473 575	148 130 345	2 103 811	146 026 534
Remuneration of Councillors	30	9 233 663	8 740 174	-	8 740 174
Bad Debts Written Off	31	22 244 965	27 608 700	27 608 700	-
Debt Impairment	32	-	2 189 438	(28 220 913)	30 410 351
Depreciation and Amortisation	33	26 481 779	30 660 887	(318 649)	30 979 535
Collection costs		2 586 398	1 474 865	-	1 474 865
Impairments	34	283 314	508 397	-	508 397
Material		9 434 546	8 843 492	(9 293 422)	18 136 914
Unamortised Discount - Interest paid		92 495	128 126	-	128 126
Finance Charges	35	11 925 367	11 437 273	7 797	11 429 475
Bulk Purchases	36	270 735 747	242 031 964	-	242 031 964
Contracted services		7 776 106	9 996 716	7 813 353	2 183 363
Grants and Subsidies	37	132 500	749 000	-	749 000
Stock Adjustments		4 243	14 410	-	14 410
General Expenses	38	50 437 516	54 473 742	1 143 884	53 329 859
Loss on disposal of Property, Plant and Equipment		285 545	1 566 609	-	1 566 609
Fair Value Adjustments		-	276	-	276
Total Expenditure		570 127 759	548 554 414	844 560	547 709 853
NET SURPLUS/(DEFICIT) FOR THE YEAR		76 466 331	53 074 953	(932 103)	54 007 056

LANGEBERG MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2017

	Capital Replacement Reserve	Accumulated Surplus/(Deficit)	Total
	R	R	R
Balance at 01 JULY 2015	29 382 473	471 635 748	501 018 221
Correction of error (Refer Note 39)		462 701	462 701
Balance at 01 JULY 2015	29 382 473	472 098 449	501 480 922
Net Surplus for the year		53 074 953	53 074 953
Transfer to/from CRR	31 849 458	(31 849 458)	-
Property, Plant and Equipment purchased	(25 986 754)	25 986 754	-
Balance at 30 JUNE 2016	35 245 178	519 310 697	554 555 875
Net Surplus for the year		76 466 331	76 466 331
Transfer to/from CRR	22 403 575	(22 403 575)	-
Property, Plant and Equipment purchased	(26 295 727)	26 295 727	-
Balance at 30 JUNE 2017	31 353 026	599 669 181	631 022 206

LANGEBERG MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

		30 JUNE 2017	RESTATED 30 JUNE 2016
	Notes	R	R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		462 772 324	427 416 332
Government - operating		112 844 949	75 959 414
Government - capital		23 963 762	46 367 736
Interest		8 742 545	6 650 403
Payments			
Suppliers and employees		(540 336 276)	(460 118 384)
Finance charges		(2 896 726)	(2 861 462)
Transfers and Grants		(132 500)	(749 000)
Cash generated by operations	40	64 958 079	92 665 040
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	13	(50 991 873)	(72 367 728)
Proceeds on Disposals		1 745 724	3 786 067
Purchase of Intangible Assets	15	(53 291)	-
Net Cash from Investing Activities		(49 299 441)	(68 581 660)
CASH FLOW FROM FINANCING ACTIVITIES			
Loans repaid		(4 590 962)	(4 575 565)
(Decrease)/Increase in Consumer Deposits		948 703	1 032 065
Net Cash from Financing Activities		(3 642 258)	(3 543 500)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12 016 380	20 539 879
Cash and Cash Equivalents at the beginning of the year		103 088 259	82 548 380
Cash and Cash Equivalents at the end of the year	41	115 104 639	103 088 259
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		12 016 380	20 539 879

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	20 021 245	69 875 110	(49 853 865)	Cash not committed moved to call investment deposits.
Call investment deposits	95 083 394	60 000 000	35 083 394	Improved cash flow management to optimise on interest revenue.
Consumer debtors	55 084 097	31 089 275	23 994 821	Consumer debtors realised more than anticipated.
Other Receivables	1 917 684	12 000 000	(10 082 316)	Other receivables realised less than anticipated.
Current portion of long-term receivables	655 465	550 000	105 465	
Inventory	52 547 337	26 250 000	26 297 337	Housing Work in Progress: McGregor
Total current assets	225 309 222	199 764 385	25 544 836	
Non current assets				
Long-term receivables	634 415	1 100 000	(465 585)	
Investments	122 821	125 000	(2 179)	
Investment property	27 036 067	26 816 924	219 143	
Property, plant and equipment	618 007 488	596 187 646	21 819 843	Budget for Capitalised Restoration Cost included in PPE
Biological Assets	-	-	-	
Intangible Assets	209 437	305 028	(95 591)	
Heritage Assets	260 000	3 000 000	(2 740 000)	
Total non current assets	646 270 229	627 534 598	18 735 631	
TOTAL ASSETS	871 579 450	827 298 983	44 280 467	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	5 056 160	3 529 840	1 526 319	
Consumer deposits	9 968 278	8 100 000	1 868 278	
Trade and other payables	74 854 858	82 895 445	(8 040 587)	Actual trade and other payables realised lower at year end than budgeted.
Provisions and Employee Benefits	20 124 285	13 580 375	6 543 910	Liability realised higher than anticipated based on actuarial valuations.
Total current liabilities	110 003 581	108 105 661	1 897 920	
Non current liabilities				
Borrowing	17 926 458	18 339 604	(413 146)	
Provisions and Employee Benefits	112 627 206	113 077 365	(450 159)	
Total non current liabilities	130 553 663	131 416 969	(863 305)	
TOTAL LIABILITIES	240 557 244	239 522 629	1 034 615	
NET ASSETS	631 022 206	587 776 354	43 245 852	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	599 669 181	548 249 956	51 419 225	Higher than anticipated operating surplus.
Reserves	31 353 026	39 526 398	(8 173 372)	
TOTAL COMMUNITY WEALTH/EQUITY	631 022 206	587 776 354	43 245 852	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	69 875 110	-	69 875 110	
Call investment deposits	60 000 000	-	60 000 000	
Consumer debtors	31 089 275	-	31 089 275	
Other Receivables	12 000 000	-	12 000 000	
Current portion of long-term receivables	550 000	-	550 000	
Inventory	26 250 000	-	26 250 000	
Total current assets	<u>199 764 385</u>	<u>-</u>	<u>199 764 385</u>	
Non current assets				
Long-term receivables	1 100 000	-	1 100 000	
Investments	125 000	-	125 000	
Investment property	26 816 924	-	26 816 924	
Property, plant and equipment	596 187 646	-	596 187 646	
Biological Assets	-	-	-	
Intangible Assets	305 028	-	305 028	
Heritage Assets	3 000 000	-	3 000 000	
Total non current assets	<u>627 534 598</u>	<u>-</u>	<u>627 534 598</u>	
TOTAL ASSETS	<u><u>827 298 983</u></u>	<u><u>-</u></u>	<u><u>827 298 983</u></u>	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	3 529 840	-	3 529 840	
Consumer deposits	8 100 000	-	8 100 000	
Trade and other payables	82 895 445	-	82 895 445	
Provisions and Employee Benefits	13 580 375	-	13 580 375	
Total current liabilities	<u>108 105 661</u>	<u>-</u>	<u>108 105 661</u>	
Non current liabilities				
Borrowing	18 339 604	-	18 339 604	
Provisions and Employee Benefits	113 077 365	-	113 077 365	
Total non current liabilities	<u>131 416 969</u>	<u>-</u>	<u>131 416 969</u>	
TOTAL LIABILITIES	<u><u>239 522 629</u></u>	<u><u>-</u></u>	<u><u>239 522 629</u></u>	
NET ASSETS	<u><u>587 776 354</u></u>	<u><u>-</u></u>	<u><u>587 776 354</u></u>	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	548 249 956	-	548 249 956	
Reserves	39 526 398	-	39 526 398	
TOTAL COMMUNITY WEALTH/EQUITY	<u><u>587 776 354</u></u>	<u><u>-</u></u>	<u><u>587 776 354</u></u>	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	42 685 693	43 804 100	(1 118 407)	
Property rates - penalties & collection charges	-	521 030	(521 030)	
Service charges	405 781 216	405 381 030	400 186	
Rental of facilities and equipment	2 713 779	3 914 070	(1 200 291)	
Interest earned - external investments	5 930 563	4 608 860	1 321 703	
Interest earned - outstanding debtors	2 167 653	1 691 940	475 713	
Actuarial Gains	5 177 099	-	5 177 099	Included in Other revenue in the budget information
Fair Value Adjustments	1 918	-	1 918	
Availability Fees	2 349 311	-	2 349 311	
Fines	9 514 508	20 106 940	(10 592 432)	TMT contract ended December 2016
Impairment Reversal	9 395 800	-	9 395 800	Reversal of Impairment Allowance on Exchange and Non Exchange Transactions
Stock Adjustments	3 147	-	3 147	
Licences and permits	1 502 807	1 839 200	(336 393)	
Agency services	3 498 222	4 023 100	(524 878)	
Government Grants and Subsidies	136 468 873	148 920 945	(12 452 072)	R10 million of the Human Settlements Grant was not received and thus not spent and recognised as revenue
Other revenue	18 806 278	28 207 190	(9 400 912)	Actuarial Gains, Fair Value Adjustments, Availability Fees included separately on Actual Information versus Budgeted Information
Gains on disposal of PPE	597 224	1 200 060	(602 836)	
Total Operating Revenue	646 594 090	664 218 465	(17 624 375)	
EXPENDITURE BY TYPE				
Employee related costs	158 473 575	173 935 873	(15 462 298)	Savings on employee related costs due to vacant posts
Remuneration of councillors	9 233 663	9 471 450	(237 787)	
Bad Debts Written Off	22 244 965	-	-	
Debt impairment	-	31 839 080	(31 839 080)	Reversal of Impairment Allowance on Exchange and Non Exchange Transactions
Depreciation & asset impairment	26 765 094	27 598 132	(833 038)	
Finance charges	11 925 367	11 646 535	278 832	
Bulk purchases	270 735 747	266 703 750	4 031 997	
Other materials	9 434 546	-	9 434 546	Included in other expenditure on budget schedules.
Contracted services	7 776 106	2 182 280	5 593 826	Repairs and maintenance unpacked and classified according to nature
Grants and subsidies paid	132 500	134 070	(1 570)	
Other expenditure	53 120 652	143 342 562	(90 221 910)	Housing Work in Progress McGregor, expenses only recognised once houses are handed over
Loss on disposal of PPE	285 545	500 060	(214 515)	
Total Operating Expenditure	570 127 759	667 353 792	(97 226 033)	
Operating Surplus/(Deficit) for the year	76 466 331	(3 135 327)	79 601 658	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017

ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	2017 R Final Virements	2017 R (Final Year-end Budget)	Reasons for material adjustments
REVENUE BY SOURCE						
Property rates	43 804 100	-	43 804 100	-	43 804 100	
Property rates - penalties & collection charges	521 030	-	521 030	-	521 030	
Service charges	405 381 030	-	405 381 030	-	405 381 030	
Rental of facilities and equipment	3 914 070	-	3 914 070	-	3 914 070	
Interest earned - external investments	4 608 860	-	4 608 860	-	4 608 860	
Interest earned - outstanding debtors	1 691 940	-	1 691 940	-	1 691 940	
Fines	20 106 940	-	20 106 940	-	20 106 940	
Licences and permits	1 839 200	-	1 839 200	-	1 839 200	
Agency services	4 023 100	-	4 023 100	-	4 023 100	
Transfers recognised	148 920 945	-	148 920 945	-	148 920 945	
Other revenue	28 207 190	-	28 207 190	-	28 207 190	
Gains on disposal of PPE	1 200 060	-	1 200 060	-	1 200 060	
Total Operating Revenue	664 218 465	-	664 218 465	-	664 218 465	
EXPENDITURE BY TYPE						
Employee related costs	173 935 873	-	173 935 873	1 200 000	175 135 873	
Remuneration of councillors	9 471 450	-	9 471 450	-	9 471 450	
Debt impairment	31 839 080	-	31 839 080	-	31 839 080	
Depreciation & asset impairment	27 598 132	-	27 598 132	-	27 598 132	
Finance charges	11 646 535	-	11 646 535	-	11 646 535	
Bulk purchases	266 703 750	-	266 703 750	-	266 703 750	
Other materials	-	-	-	-	-	
Contracted services	2 182 280	-	2 182 280	84 000	2 266 280	
Grants and subsidies paid	134 070	-	134 070	-	134 070	
Other expenditure	143 342 562	-	143 342 562	(1 284 000)	142 058 562	
Loss on disposal of PPE	500 060	-	500 060	-	500 060	
Total Operating Expenditure	667 353 792	-	667 353 792	-	667 353 792	
Operating Surplus/(Deficit) for the year	(3 135 327)	-	(3 135 327)	-	(3 135 327)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017
COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2017 R (Actual)	2017 R (Final Budget)	2017 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	462 772 324	474 349 543	(11 577 219)	Actual receipts from ratepayers and other realised higher than anticipated
Government - operating	112 844 949	123 939 034	(11 094 085)	R10 million of the Human Settlements Grant was not received
Government - capital	23 963 762	23 519 966	443 796	
Interest	8 742 545	6 249 101	2 493 445	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(540 336 276)	(528 395 124)	(11 941 151)	Actual payments to suppliers and employees realised more than budgeted
Finance charges	(2 896 726)	(7 945 417)	5 048 691	External loan will only be taken up in 2017/2018
Transfers and Grants	(132 500)	(134 070)	1 570	
NET CASH FROM/(USED) OPERATING ACTIVITIES	64 958 079	91 583 032	(26 624 953)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	1 745 724	700 000	1 045 724	
Decrease/(increase) in non-current receivables	-	550 000	(550 000)	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(51 045 164)	(58 658 763)	7 613 599	Under expenditure on capital budget.
NET CASH FROM/(USED) INVESTING ACTIVITIES	(49 299 441)	(57 408 763)	8 109 322	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	948 703	22 170	926 533	
Payments				
Repayment of borrowing	(4 590 962)	(7 931 407)	3 340 446	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(3 642 258)	(7 909 237)	4 266 979	
NET INCREASE/(DECREASE) IN CASH HELD	12 016 380	26 265 032	(14 248 652)	Increase in cash held realised less than budgeted
Cash and Cash Equivalents at the beginning of the year	103 088 259	103 610 078	(521 819)	
Cash and Cash Equivalents at the end of the year	115 104 639	129 875 110	(14 770 471)	

LANGEBERG MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2017
ADJUSTMENTS TO APPROVED BUDGET

	2017 R (Approved Budget)	2017 R (Adjustments)	2017 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	474 349 543	-	474 349 543	
Government - operating	123 939 034	-	123 939 034	
Government - capital	23 519 966	-	23 519 966	
Interest	6 249 101	-	6 249 101	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(528 395 124)	-	(528 395 124)	
Finance charges	(7 945 417)	-	(7 945 417)	
Transfers and Grants	(134 070)	-	(134 070)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	91 583 032	-	91 583 032	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	700 000	-	700 000	
Decrease/(increase) in non-current receivables	550 000	-	550 000	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(58 658 763)	-	(58 658 763)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	(57 408 763)	-	(57 408 763)	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	22 170	-	22 170	
Payments				
Repayment of borrowing	(7 931 407)	-	(7 931 407)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 909 237)	-	(7 909 237)	
NET INCREASE/(DECREASE) IN CASH HELD	26 265 032	-	26 265 032	
Cash and Cash Equivalents at the beginning of the year	103 610 078	-	103 610 078	
Cash and Cash Equivalents at the end of the year	129 875 110	-	129 875 110	

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2015) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 7: "The Application of Deemed Cost on the Adoption of Standards of GRAP" issued by the Accounting Standards Board, the Municipality applied deemed cost to Investment Property, Property, Plant and Equipment and Intangible where the acquisition cost of an asset could not be determined.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format and are rounded to the nearest one Rand. No foreign exchange transactions are included in the statements.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5 AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances.

The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as a separate additional financial statement, namely Statement of comparison of budget and actual amounts.

LANGE BERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2016 to 30 June 2017. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

- the approved and final budget amounts;
- actual amounts and final budget amounts.

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included in the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

REFERENCE	TOPIC	EFFECTIVE DATE
GRAP 18	<u>Segment Reporting</u> The objective of this Standard is to establish principles for reporting financial information by segments. No significant impact is expected as information to a large extent is already included in the appendices to the financial statements which do not form part of the audited financial statements.	Effective from 1 April 2015. The implementation of GRAP 18 is delayed, in terms of Directive 5, for municipalities for the 2016 / 17 financial year.
GRAP 20 (Original – Jun 2011)	<u>Related Party Disclosure</u> The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

GRAP 32 (Original – Aug 2013)	<u>Service Concession Arrangements: Grantor</u> The objective of this Standard is to prescribe the accounting for service concession arrangements by the grantor and a public entity. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
GRAP 108 (Original – Sept 2013)	<u>Statutory Receivables</u> The objective of this Standard is to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables. The Municipality has resolved to adopt the principles as set out in GRAP 108 to formulate its own accounting policy.	Unknown
GRAP 109	<u>Accounting by Principles and Agents</u> The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment.	Unknown
IGRAP 17	<u>Service Concession Arrangements where a grantor controls a significant residual interest in an Asset</u> The Interpretation of the Standards is to provide guidance to the grantor where it has entered into a service concession arrangement, but only controls, through a significant residual interest in a service concession asset at the end of the arrangement, where the arrangement does not constitute a lease. No significant impact is expected as the Municipality's current treatment is already in line with the Standards treatment	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

accumulated surplus / (Deficit) is credited by a corresponding amount when the amounts in the CRR are utilized

1.10. LEASES

1.10.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2 Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grants are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.12 UNSPENT PUBLIC CONTRIBUTIONS

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the public contribution becomes repayable to the donor due to conditions

not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.13. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Economic Entity has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of the grant receivable:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is possible that an outflow of resources embodying economic benefit will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefit is remote. A contingent asset is disclosed where an inflow of economic benefits is possible.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision shall be the best estimate of the expenditure required to settle the present obligation at the reporting date.

Provisions shall be reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision shall be de-recognised.

1.15. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% are paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – Employee benefits (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are charged to the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the fair value of the obligation. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(b) *Long Service awards*

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries periodically and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

LANGEBERG MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(c) *Ex gratia Gratuities*

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are charged against the

Statement of Financial Performance as employee benefits upon valuation. Defined benefit plans are post-employment plans other than defined contribution plans.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is charged or credited to the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically by independent qualified actuaries.

(d) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

(e) *Staff Bonuses*

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year end for each employee.

(f) Performance bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is maintained. Municipal entities' performance bonus provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

(g) Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are charged against income in the year they become payable. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are charged against income in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.16. BORROWING COSTS

The Municipality recognises all borrowing costs as an expense in the period in which they are incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.17.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual depreciation rates are based on the following estimated useful lives

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	1-100	Buildings	1-100
Pedestrian Malls	1-100	Specialist vehicles	10-20
Electricity	1-80	Other vehicles	4-45
Water	1-125	Furniture and Office equipment	1-100
Sewerage	1-100	Plant and Equipment	1-40
Housing	1-105	Landfill sites	1-15
		Quarries	25
		Computer equipment	2-20
<u>Community</u>			
Buildings	1-105		
Recreational Facilities	7-100		
Security	5		
Halls	1-105		
Libraries	1-100		
Parks and gardens	1-100		
Other assets	7-100		
<u>Finance lease assets</u>			
Office equipment	2-22		
Other assets	2-22		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment charged to the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.17.4 De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5 Land and Buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value, as determined by a valuator, was used in order to determine the deemed cost as on 1 July 2009. For Other Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.17.6 Capitalised Restoration Cost

The Municipality treats the Capital Restoration Cost on landfill sites in the same manner as Property, Plant and Equipment in accordance with 1.17.1 to 1.17.5 of this Accounting Policy and depreciation is calculated on the depreciable amount, using the straight-line method.

1.18. INTANGIBLE ASSETS

1.18.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2 Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.18.3 Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2-7
Computer Software Licenses	2-7

1.18.4 De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.18.5 Application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Intangible Assets the depreciation cost method was used to establish the deemed cost as on 1 July 2009.

1.19. INVESTMENT PROPERTY

1.19.1 Initial Recognition

Investment property shall be recognised as an asset when; and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of self-constructed investment property is the cost at date of completion.

1.19.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	Years
Buildings	1-100

1.19.4 De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.20 HERITAGE ASSETS

1.20.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

1.20.2 Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3 Depreciation and Impairment

Heritage assets are not depreciated.

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of impairment is recognised in the Statement of Financial Performance.

1.20.4 De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5 Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2009.

1.21. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.21.1 Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

- a) External sources of information
 - During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
 - Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- b) Internal sources of information
 - Evidence is available of obsolescence or physical damage of an asset.
 - Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
 - Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

An asset's recoverable amount is the higher of an asset's or cash-generating units (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised.

The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.21.2 Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.
- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss recorded in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches:

- *Depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

- *Restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *Service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.22. INVENTORIES

1.22.1 Initial Recognition

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.22.2 Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the weighted average method.

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.23. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include trade and other receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.23.1 Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.23.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial Liabilities are categorised as either at fair value, financial liabilities at cost or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.23.2.1 Trade and Other Receivables

Trade and other receivables are classified as loans and receivables, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar

credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred).

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.23.2.2 Trade and Other Payables and Annuity Loans

Financial liabilities consist of trade and other payables and annuity loans. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.23.2.3 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.23.2.4 *Non-Current Investments*

Investments which include investments in SANLAM, KWV and Capevin are stated at fair value and fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.23.3 *De-recognition of Financial Instruments*

1.23.3.1 *Financial Assets*

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.23.3.2 *Financial Liabilities*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.23.4 ***Offsetting of Financial Instruments***

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.24. **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.24.1 ***Initial Recognition***

Statutory receivables are recognised when the related revenue is recognised or when the receivable meets the definition of an asset.

1.24.2 Subsequent measurement

The Municipality initially measures the statutory receivables at their transaction amount.

The Municipality measure statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is changed subsequent to reflect any:

- (a) interest or other charges that may have accrued on the receivable;
- (b) impairment losses; and
- (c) amounts derecognised.

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired. If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future.

Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.24.3 Derecognition

The Municipality derecognises a statutory receivable when:

- (a) the rights to the cash flows from the receivable are settled, expire or are waived;
- (b) the Municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- (c) the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that

ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the Municipality:

(i) derecognise the receivable; and

(ii) recognise separately any rights and obligations created or retained in the transfer.

1.25. REVENUE

1.25.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of IGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses. Fine revenue is recognised when the spot fine or summons is issued. All unpaid receivables relating to traffic fines as at 30 June 2016 was written off in the 2016/2017 financial year.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

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Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue shall be measured at the fair value of the consideration received or receivable.

When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.

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- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed as under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connection on the property. Service charges based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

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Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue shall be measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the entity and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the entity.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating; or
- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or

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services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue.

The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.25.3 Grants, Transfers and Donations (Non-Exchange Revenue)

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

1.26. TRANSFER OF FUNCTION (Municipality as the acquirer)

A function is an integrated set of activities that is capable of being conducted and managed for purposes of achieving a Municipality's objectives, either by providing economic benefits or service potential.

A transfer of functions is the reorganisation and/or the re-allocation of functions between Municipalities by transferring functions between Municipalities or into another entity.

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, asset or liability; or
- arises from contractual rights (including rights arising from binding arrangements) or other legal rights (excluding rights granted by statute), regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.
- The Municipality accounts for each transfer of functions between entities not under common control by applying the acquisition method. Applying the acquisition method requires:
 - (a) identifying the acquirer (Municipality);
 - (b) determining the acquisition date;
 - (c) recognising and measuring the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree; and
 - (d) recognising the difference between (c) and the consideration transferred to the seller.

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As of the acquisition date, the Municipality recognises the identifiable assets acquired and the liabilities assumed. The identifiable assets acquired and liabilities assumed meets the definitions of assets and

liabilities in the *Framework for the Preparation and Presentation of Financial Statements* and the recognition criteria in the applicable Standards of GRAP at the acquisition date. In addition, the identifiable assets acquired and liabilities assumed are part of what the Municipality and the acquiree (or its former owners) agreed in the binding arrangement.

The Municipality measures the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values.

The Municipality subsequently measures and account for assets acquired and liabilities assumed in accordance with other applicable Standards of GRAP.

1.27. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).

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- one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member).
- both entities are joint ventures of the same third party.
- one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
- the entity is controlled or jointly controlled by a person identified in (a).
- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an economic entity who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.

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- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.28. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy.

Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.32. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.33.1. *Post retirement medical obligations, Long service awards and Ex gratia gratuities:*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates,

expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.33.2. Impairment of trade receivables:

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.33.3. Property, plant and equipment:

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

1.33.4. Intangible assets:

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

For deemed cost applied to intangible assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

1.33.5. Investment Property:

The useful lives of investment property are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their economic lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and valuation of investment property:

- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings.
- The Municipality also consulted with professional engineers and qualified valuers to support the useful life of buildings.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

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1.33.6. Provisions and contingent liabilities:

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material using actuarial valuations.

1.33.7. Revenue Recognition:

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by Management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions. Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. Revenue from the issuing of spot fines and summonses has been recognised on the accrual basis using estimates of future collections based on the actual results of prior periods. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.33.8. Pre-paid electricity estimation:

Pre-paid electricity is only recognised as income once the electricity is consumed. The pre-paid electricity balance (included under payables) represents the best estimate of electricity sold at year-end that is still unused. The average pre-paid electricity sold per day during the year under review is used and the estimate is calculated using between 5 and 7 days worth of unused electricity.

1.33.9. Provision for Landfill Sites

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. To the extent that the obligations relate to an asset, it is capitalised as part of the cost of those assets. Any subsequent changes to an obligation that did not relate to the initial related asset are recognised in the Statement of Financial Performance.

Management referred to the following when making assumptions regarding provisions:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

- Professional engineers were utilised to determine the cost of rehabilitation of landfill sites as well as the remaining useful life of each specific landfill site.
- Interest rates (investment rate) linked to prime was used to calculate the effect of time value of money.

1.33.10. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

1.33.11. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.34. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.35. CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.36. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and

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- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect

2	NET ASSET RESERVES	2017 R	2016 R
	Capital Replacement Reserve	31 353 026	35 245 178
	Total Net Asset Reserves	31 353 026	35 245 178
	The Capital Replacement Reserve is used to finance future capital expenditure from own funds.		
3	LONG-TERM LIABILITIES		
	Annuity Loans - At amortised cost	21 310 489	24 989 530
	Capitalised Lease Liability - At amortised cost	2 363 894	1 910 779
		23 674 384	26 900 310
	Current Portion transferred to Current Liabilities	5 056 160	4 241 962
	Annuity Loans - At amortised cost	3 889 329	3 639 125
	Capitalised Lease Liability - At amortised cost	1 166 830	602 837
		18 618 224	22 658 347
	Unamortised charges on loans	(691 767)	(711 731)
	Balance 1 July	711 731	763 634
	Adjustment for the period	(19 964)	(51 903)
	Total Long-term Liabilities - At amortised cost using the effective interest rate method	17 926 458	21 946 617
	Balance previously reported		26 824 640
	Correction of Error: Cell phone contracts not included in Lease Register - Refer to note 39.2		75 669
	Restated balance		26 900 310

Refer below for maturity dates of long term liabilities:

3.1	The obligations under annuity loans are scheduled below:	Minimum annuity payments	
	Amounts payable under annuity loans:		
	Payable within one year	5 957 243	6 136 613
	Payable within two to five years	16 114 729	22 112 492
	Payable after five years	7 530 220	7 790 589
		29 602 192	36 039 694
	Less: Future finance obligations	(8 291 702)	(11 050 164)
	Present value of annuity obligations	21 310 489	24 989 530

Annuity loans at amortised cost is calculated at 9.29% interest rate, with a maturity date of 31 March 2024.

3.2	The obligations under finance leases are scheduled below:	Minimum lease payments	
	Amounts payable under finance leases:		
	Payable within one year	1 456 877	726 962
	Payable within two to five years	1 240 095	1 379 366
	Payable after five years	-	-
		2 696 972	2 106 328
	Less: Future finance obligations	(333 078)	(195 549)
	Present value of lease obligations	2 363 894	1 910 779

LONG TERM LIABILITIES (CONTINUE)

Leases are secured by property, plant and equipment - Note 13

The capitalised lease liability consist out of the following contracts:

<u>Supplier</u>	<u>Description of leased item</u>	<u>Lease Term</u>	<u>Maturity Date</u>
SASFIN	TASKalfa (FS 1135 MFP)NR73259193	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR72530468	36 months	25/08/2016
SASFIN	TASKalfa (FS 1135 MFP)NR7367446	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531587	24 months	25/03/2017
SASFIN	TASKalfa (FS 1135 MFP)NR72531588	24 months	25/03/2017
SASFIN	TASKalfa 3510iLH44702656	36 months	25/07/2018
SASFIN	TASKalfa 3510iLH44702681	36 months	25/07/2018
SASFIN	TASKalfa M2535 DN15267449	36 months	25/01/2019
SASFIN	TASKalfa 3551 Ci MFPK581144	36 months	25/02/2019
SASFIN	TA 5551 ci MFP (Colour)B5706424	36 months	25/01/2019
SASFIN	TA 5551 ci MFP (Colour)B5706437	36 months	25/01/2019
SASFIN	TASKalfa 5551 CiB5706441	36 months	25/11/2018
SASFIN	TASKalfa 350i44702675	36 months	25/11/2018
SUNLYN	NEC SV8100 PABX0834143742100001	36 months	25/01/2019
SUNLYN	NEC SV8100 PABX2B0385BK700065 & A1023352100265	36 months	25/03/2019
SUNLYN	NEC SV8100 PABXITL5BE 1P 10 Units	36 months	25/05/2019
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Olivetti d-Copia 3513MFP	36 months	25/02/2020
SUNLYN	Kyocera M2535 DN	36 months	25/07/2019
SUNLYN	Kyocera M2535 DN	36 months	25/07/2020
SUNLYN	SV 8100 NEC PABX	36 months	25/01/2020
SUNLYN	List Radio Links between Towns	36 months	25/09/2019
VODACOM	22 Cell phone contracts	24 months	30/09/2016
VODACOM	1 Cell phone contracts	24 months	31/07/2017
VODACOM	4 Cell phone contracts	24 months	31/10/2017
VODACOM	6 Cell phone contracts	24 months	30/11/2017
VODACOM	1 Cell phone contracts	24 months	01/04/2018
VODACOM	1 Cell phone contracts	24 months	01/05/2018
VODACOM	15 Tablets of the Councillors	24 months	01/10/2018
VODACOM	8 Tablets of the Councillors	24 months	01/12/2018

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

	2017	2016
	R	R
4 NON-CURRENT EMPLOYEE BENEFITS		
Post Retirement Benefits - Refer to Note 4.1	50 185 498	49 757 869
Long Service Awards - Refer to Note 4.2	8 679 728	8 314 474
Total Non-current Employee Benefit Liabilities	58 865 226	58 072 343
<u>Post Retirement Benefits</u>		
Balance 1 July	51 412 969	52 388 354
Contribution for the year	2 434 406	2 461 107
Interest Cost	4 695 585	4 601 451
Expenditure for the year	(1 804 155)	(1 649 136)
Actuarial Loss / (Gain)	(4 628 944)	(6 388 807)
Total post retirement benefits 30 June	52 109 861	51 412 969
Less: Transfer of Current Portion - Note 7	(1 924 363)	(1 655 100)
Balance 30 June	50 185 498	49 757 869

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)		2017	2016
		R	R
<u>Long Service Awards</u>			
Balance 1 July		9 377 980	9 279 667
Contribution for the year		829 256	808 271
Interest Cost		756 268	683 442
Expenditure for the year		(817 670)	(1 040 276)
Actuarial Loss / (Gain)		(548 155)	(353 124)
Total long service 30 June		9 597 679	9 377 980
<u>Less:</u>	Transfer of Current Portion - Note 7	(917 951)	(1 063 506)
Balance 30 June		8 679 728	8 314 474
<u>TOTAL NON-CURRENT EMPLOYEE BENEFITS</u>			
Balance 1 July		60 790 949	61 668 021
Contribution for the year		3 263 662	3 269 378
Interest cost		5 451 853	5 284 893
Expenditure for the year		(2 621 825)	(2 689 412)
Net Actuarial Loss / (Gain)		(5 177 099)	(6 741 931)
Total employee benefits 30 June		61 707 540	60 790 949
<u>Less:</u>	Transfer of Current Portion - Note 7	(2 842 314)	(2 718 606)
Balance 30 June		58 865 226	58 072 343

4.1

Post Retirement Benefits

2017

2016

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service (employee) members	179	180
In-service (employee) non-members	501	499
Continuation members (e.g. Retirees, widows, orphans)	60	57
Total Members	740	736

The liability in respect of past service has been estimated to be as follows:

In-service members	30 136 581	30 063 701
Continuation members	21 973 279	21 349 268
Total Liability	52 109 860	51 412 969

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2015	2014	2013
			R
In-service members	29 611 793	28 192 606	22 129 363
Continuation members	22 776 561	20 910 583	18 360 338
Total Liability	52 388 354	49 103 189	40 489 701

	2017	2016	2015	2014	2013
	Rm	Rm	Rm	Rm	Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	0.956	(3.558)	(1.925)	2.680	(0.825)
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Discovery
Hosmed
LA Health
Samwumed; and
Keyhealth.

4

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2017 %	2016 %
Key actuarial assumptions used:		
The Projected Unit Credit Method has been used to value the liabilities.		
i) Rate of interest		
Discount rate	9.65%	9.28%
Health Care Cost Inflation Rate	7.94%	8.35%
Net Effective Discount Rate	1.58%	0.86%

The discount rate used is a composite of all government bonds and calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

	2017 R	2016 R
The amounts recognised in the Statement of Financial Position are as follows:		
Present value of fund obligations	52 109 861	51 412 969
Net liability/(asset)	52 109 861	51 412 969

The fund is wholly unfunded.

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	51 412 969	52 388 354
Total expenses	5 325 836	5 413 422
Current service cost	2 434 406	2 461 107
Interest Cost	4 695 585	4 601 451
Benefits Paid	(1 804 155)	(1 649 136)
Actuarial Loss / (Gain)	(4 628 944)	(6 388 807)
Present value of fund obligation at the end of the year	52 109 861	51 412 969
Less: Transfer of Current Portion - Note 7	(1 924 363)	(1 655 100)
Balance 30 June	50 185 498	49 757 869

Sensitivity Analysis on the Accrued Liability

Assumption	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions	30.137	21.973	52.110	

The effect of movements in the assumptions are as follows:

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Health care inflation	+1%	32.755	23.153	55.908	7%
Health care inflation	-1%	26.685	20.594	47.279	-9%
Discount rate	+1%	25.549	20.274	45.823	-12%
Discount rate	-1%	35.966	23.937	59.904	15%
Post-retirement mortality	-1 year	30.936	22.818	53.754	3%
Average retirement age	-1 year	32.658	21.973	54.631	5%
Withdrawal Rate	-10%	23.132	21.973	45.105	-13%

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

2018
R

The following are estimates for the 2017/2018 financial year:

Future Service Cost	2 264 800
Interest Cost	4 936 100

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions					
Health care inflation	+1%	2 473 900	5 302 100	7 776 000	8%
Health care inflation	-1%	1 968 700	4 470 600	6 439 300	-11%
Discount rate	+1%	1 881 500	4 778 800	6 660 300	-8%
Discount rate	-1%	2 760 400	5 098 100	7 858 500	9%
Post-retirement mortality	-1 year	2 322 800	5 094 700	7 417 500	3%
Average retirement age	-1 year	2 253 900	5 179 300	7 433 200	3%
Withdrawal Rate	-10%	1 700 800	4 260 400	5 961 200	-17%

2017 2016

4.2 Long Service Bonuses

The Long Service Bonus plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Bonuses.

680 679

Key actuarial assumptions used:

2017 2016
% %

i) Rate of interest

Discount rate	8.41%	8.54%
General Salary Inflation (long-term)	6.23%	7.20%
Net Effective Discount Rate applied to salary-related Long Service Bonuses	2.05%	1.25%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

2017 2016
R R

The Projected Unit Credit Method has been used to value the liabilities.

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligations	9 597 679	9 377 980
Net liability	9 597 679	9 377 980

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

2015	2014	2013
9 279 667	8 470 946	8 234 260

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

	2017 Rm	2016 Rm	2015 Rm	2014 Rm	2013 Rm
Experience adjustments were calculated as follows:					
Liabilities: (Gain) / loss	(67 146)	256 159	175 329	217 727	163 567
Assets: Gain / (loss)	0.000	0.000	0.000	0.000	0.000

	2017 R	2016 R
Reconciliation of present value of fund obligation:		
Present value of fund obligation at the beginning of the year	9 377 980	9 279 667
Total expenses	767 854	451 437
Current service cost	829 256	808 271
Interest Cost	756 268	683 442
Benefits Paid	(817 670)	(1 040 276)
Actuarial Loss / (Gain)	(548 155)	(353 124)
Present value of fund obligation at the end of the year	9 597 679	9 377 980
Less: Transfer of Current Portion - Note 7	(917 951)	(1 063 506)
Balance 30 June	8 679 728	8 314 474

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		9.598	
General salary inflation	+1%	10.188	+6%
General salary inflation	-1%	90.060	-6%
Discount rate	+1%	9.039	-6%
Discount rate	-1%	10.222	+7%
Average retirement age	-2 years	8.193	-15%
Average retirement age	+2 years	11.02	+15%
Withdrawal rates	-50%	11.36	+15%

2018
R

The following are estimates for the 2017/2018 financial year:

Future Service Cost	825 100
Interest Cost	769 100

Assumption	Change	Current-service Cost	Interest Cost	Total	% change
Central Assumptions					
General salary inflation	+1%	892 200	818 700	1 710 900	+7%
General salary inflation	-1%	765 100	723 900	1 489 000	-7%
Discount rate	+1%	770 400	808 100	1 578 500	-1%
Discount rate	-1%	887 200	723 800	1 611 000	+1%
Average retirement age	-2 years	722 100	651 000	1 373 100	-14%
Average retirement age	+2 years	930 700	888 300	1 819 000	+14%
Withdrawal rates	-50%	1 091 200	917 300	2 008 500	26%

4 NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

4.3 Retirement funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claimed that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the Cape Joint Retirement Fund is a Multi Employer fund defined as defined benefit plan, it will be accounted for as defined contribution plan. All the required disclosures has been made as defined in GRAP 25.31.

CAPE JOINT PENSION FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality
The contribution rate payable is 9% by members and 18% by Council.	June 2015	2 136 012	2 026 278	1

The contribution rate payable under the defined benefit section is 27%, 9% by the members and 18% by their councils. The actuarial valuation report at 30 June 2015 disclosed an actuarial valuation amounting to R2,136,012,000 (30 June 2014 : R3,631,518,000), with a net accumulated surplus of R21,948,000 (2014 : R23,343,000 (deficit)), with a funding level of 153.1% (30 June 2014 : 101.7%). The actuarial valuation report at 30 June 2015 indicated that the defined contribution scheme of the fund is in a sound financial position, with a assets amounting to R1,932,720,000 (30 June 2014 : R556,689,000), net investment reserve of R0 (30 June 2014 : R0) and a funding level of 100% (2014 : 100%).

The actuary concluded that :

- The Pensioner Account has a surplus of R28 million and a funding level of 101.4%.
- The balance of the DB Section for DB active members has a surplus of R21.9 million and a funding level of 153.1%.
- The DC Section has a funding level of 100.0% and no surplus.
- The Trustees granted a pension increase of 3% effective 1 January 2016 and a bonus of 75% of monthly pension payable in December 2015. Pro-rata pension increases and bonus apply for pensions in payment for less than one year. The pension increase and bonus are affordable given the healthy funding level of the Pensioner Account and the excellent investment returns achieved over the last three years. The actuary certified that the Fund is in a sound financial condition as at 30 June 2015, the nature of the assets is suitable for the Fund and the Fund's investment strategy is suitable, except that the proportion of direct property underlying the pensioner liabilities may represent an over-concentration of assets in this asset class. Furthermore the assets are appropriately matched relative to the term and nature of the liabilities and the risk benefits for the remaining active members of the DB Section are partially re-insured. This may result in volatile death benefit experience for the Fund. It would be more appropriate to re-insure the full value of these death benefits. Finally the risk benefits of the DC Section are fully re-insured and this is appropriate for the size and nature of the Fund.

Contributions paid recognised in the Statement of Financial Performance

24 669

23 272

CAPE RETIREMENT FUND	Last Actuarial Valuation	Total Assets R'000	Total Liabilities R'000	Contributing members of Langeberg Municipality R'000
The contribution rate payable is 9% by members and 18% by Council.	June 2016	20 074 608	19 884 689	601

The statutory valuation performed as at 30 June 2016 revealed that the assets of the fund amounted to R20,074,608 (30 June 2015: R18,322,177,000), with funding levels of 118% and 100% (30 June 2015 112.1% and 100%) for the Share Account and the Pensions Account respectively. The Preservation Pension Account showed a surplus of R0 and was 100% funded for both 2016 & 2015. The contribution rate paid by the members (7.50%) and the municipalities (19.50%) is sufficient to fund the benefits accruing from the fund in the future. The actuary certified that the structure of the assets is appropriate relative to the nature of the liabilities, given normal circumstances and that the Fund is in a sound financial condition as at the valuation date.

Contributions paid recognised in the Statement of Financial Performance

14 704 488

13 420 337

NON-CURRENT EMPLOYEE BENEFITS (CONTINUE)

DEFINED CONTRIBUTION FUNDS

Council contributes to the Municipal Council Pension Fund, SALA Pension Fund and SAMWU National Provident Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

	<u>Last Actuarial Valuation</u>	<u>Total Assets R'000</u>	<u>Total liabilities R'000</u>	<u>Contributing members of Langeberg Municipality</u>
<u>South African Local Authorities Pension Fund</u>	July 2015	13 231 200	13 231 200	18
<u>SAMWU National Provident Fund</u>	June 2015	126 090 000	121 582 000	73

The SALA Pension Fund operates both as a defined benefit and defined contribution scheme. The statutory valuation performed as at 1 July 2015 revealed that the assets of the fund amounted to R13,231,200,000 (30 June 2014: R12,658,200,000), with funding levels of 100% (30 June 2014: 100%). The highest contribution rate paid by the members was 9% and by Council 19.18%.

The SAMWU National Provident Fund is a defined contribution scheme. Members contribute at a rate of not less than 7.5% of salaries, as required by the Rules. The employers contribute at a total rate of not less than 18%. The statutory valuation performed as at 30 June 2015 revealed that the assets of the fund amounted to R126,090,000 (30 June 2014: R124,552,000), with funding levels of 100% (30 June 2014: 100%). The Fund's financial position improved over the valuation period. The investment smoothing reserve of 0.2% of total members' shares as at 30 June 2014, has increased to some 3.6% of total funds and reserves or equivalently 3.7% of members' shares, as at 30 June 2015. The actuary certified that the Fund's assets were sufficient to cover members' shares and investment smoothing reserve as at 30 June 2015, and that the Fund is therefore in a sound financial position as at valuation date.

Contributions paid recognised in the Statement of Financial Performance

Sala Pension Fund	532 323	688 064
SAMWU National Provident Fund	1 687 455	1 771 534
	<u>2 219 778</u>	<u>2 459 598</u>

5	NON-CURRENT PROVISIONS	2017 R	2016 R
	Provision for Rehabilitation of Landfill-sites	53 761 980	48 324 789
	Total Non-current Provisions	53 761 980	48 324 789

The Municipality operates on four landfill sites. The in year actual operational costs is expensed in the statement of financial performance. The provision is calculated in order to finance the rehabilitation cost of each site when it reaches 100% capacity. The expected cash flow outflow within one year is related to the McGregor and Montagu site, which reached 100% capacity and the cost is represented by the short-term portion of the non-current provision. The other landfill sites in operation are Bonnievale and Ashton

<u>Landfill Sites</u>	2017 R	2016 R
Balance 1 July	55 627 947	55 251 425
Contribution for the year	65 854	(2 902 990)
Expenditure incurred (Interest)	3 615 817	3 279 513
Total provision 30 June	59 309 618	55 627 947
Less: Transfer of Current Portion to Current Provisions - Note 8	(5 547 638)	(7 303 158)
Balance 30 June	53 761 980	48 324 789

The estimated rehabilitation costs for each of the existing sites are based on the current rates for construction costs. The assumptions used are as follows:

	Montagu	Bonnievale	McGregor	Ashton
Area (m ²)	17 190	28 890	35 752	44 685
Rehabilitation volume (m ³)	17 190	23 635	35 752	43 979
Fence (m)				
Total cost of rehabilitation	8 627 145	13 454 073	16 642 914	20 585 486
Decommission date	2015	2020	2015	2017

6	CONSUMER DEPOSITS		
	Municipal services	9 968 278	9 019 575
	Total Consumer Deposits	9 968 278	9 019 575
	Guarantees held in lieu of Electricity and Water Deposits	2 414 449	2 435 960

The fair value of consumer deposits approximate their carrying value. Interest is not paid on these amounts.

7	CURRENT EMPLOYEE BENEFITS	2017	2016
	Current Portion of Post Retirement Benefits - Note 4	1 924 363	1 655 100
	Current Portion of Long-Service Provisions - Note 4	917 951	1 063 506
	Staff Leave	7 147 297	6 850 420
	Performance Bonuses	411 482	350 164
	Bonuses	4 175 554	4 005 432
	Total Current Employee Benefits	14 576 647	13 924 622
	Balance previously reported		13 537 424
	Correction of error - Refer to note 39.3		387 198
	Restated balance		13 924 622
	The movement in current employee benefits is reconciled as follows:		
	<u>Staff Leave</u>		
	Balance at beginning of year	6 850 420	5 021 158
	Contribution to current portion	4 103 970	3 707 414
	Expenditure incurred	(3 807 093)	(1 878 152)
	Balance at end of year	7 147 297	6 850 420

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement

7	CURRENT EMPLOYEE BENEFITS (CONTINUE)	2017	2016
		R	R
	<u>Performance Bonuses</u>		
	Balance at beginning of year	350 164	314 955
	Contribution / (Reversal) to current portion	377 725	350 006
	Expenditure incurred	(316 407)	(314 797)
	Balance at end of year	411 482	350 164

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement

	2017	2016
	R	R
<u>Bonuses</u>		
Balance at beginning of year	4 005 432	3 770 610
Contribution to current portion	7 638 013	7 304 796
Expenditure incurred	(7 467 891)	(7 069 975)
Balance at end of year	4 175 554	4 005 432

Bonuses are being paid to all permanent employed municipal staff, excluding section 57 Managers. The balance at year end represent the portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement

8	PROVISIONS	2017	2016
	Current Portion of Rehabilitation of Landfill-sites - Note 5	5 547 638	7 303 158
	Total Provisions	5 547 638	7 303 158

9	PAYABLES FROM EXCHANGE TRANSACTIONS		
	Trade Payables	55 150 935	53 316 105
	Payments received in advance	3 108 405	3 796 052
	Retentions and Guarantees	2 824 037	3 114 439
	Sundry Deposits	8 810 136	7 630 939
	Sundry Creditors	1 099 124	46 979
	Total Trade Payables	70 992 637	67 904 514
	Balance previously reported		68 596 209
	Correction of error - Refer to note 39.4		(691 695)
	Restated balance		67 904 514

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

Sundry deposits include hall, builders and other general deposits.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

10	UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS	2017 R	2016 R
	Unspent Grants	3 177 892	8 233 783
	National Government Grants	104 496	5 533 351
	Provincial Government Grants	2 611 953	2 365 219
	District Municipality	461 443	335 213
	Less: Unpaid Grants	-	-
	Total Conditional Grants and Receipts	3 177 892	8 233 783
	Balance previously reported		9 582 308
	Correction of error - Refer to note 39.5		(1 348 525)
	Restated balance		8 233 783

See appendix "D" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld. The Human Settlements Beneficiary Grant was reduced with R10 million in the 2016/2017 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends. An application was sent to National Treasury that the unspent grants at 30 June 2017 be approved for roll-over and when it is approved it will be taken up in the second adjustments budget of the 2017/2018 financial year.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

11	UNSPENT PUBLIC CONTRIBUTIONS	2017	2016
11.1	Silwer Strand Home Owners Association	62 849	62 849
	Robertson Arts and Crafts Project	621 481	621 481
	Total Unspent Public Contributions	684 330	684 330
	Reconciliation of public contributions		
	<u>Silwer Strand Home Owners Association</u>		
	Opening balance	62 849	62 849
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	62 849	62 849
	The Silwer Strand Home Owners Association had to make a contribution for the construction of infrastructure. The project is not yet complete.		
11.2	<u>Robertson Arts and Crafts Project</u>		
	Opening balance	621 481	621 481
	Contributions received	-	-
	Conditions met - Transferred to revenue	-	-
	Closing balance	621 481	621 481

The money was transferred into the bank account of the municipality, this conditional grant funding is earmarked for the Robertson Arts and Crafts Project to be administered by Langeberg Municipality.

12	TAXES	2017	2016
12.1	VAT PAYABLE		
	VAT Payable	15 406	1 032 232
	VAT output in suspense	7 111 532	7 455 793
	Less: VAT portion of receivables	(3 545 209)	(3 826 695)
	Total Vat payable	3 581 729	4 661 330
12.2	VAT RECEIVABLE		
	VAT input in suspense	5 390 976	5 003 536
	Total VAT receivable	5 390 976	5 003 536
12.3	NET VAT RECEIVABLE/(PAYABLE)	1 809 247	342 206
	Balance previously reported		631 385
	Correction of error - Refer to note 39.14		(289 180)
	Restated balance		342 206

VAT is receivable/payable on the cash basis. VAT is paid over to SARS only once payment is received from debtors.

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2017

Reconciliation of Carrying Value	Cost												Accumulated Depreciation and Impairment Losses											Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R		
Land and Buildings	95 412 585	1	-	-	95 412 585	1	11 847 063	-	-1 174 613	-	-	106 085 036	9 082 472	203 340	-	928 251	(23 391)	-	-	9 987 332	203 340	95 894 364		
Land	59 208 214	-	(110 100)	-	59 098 114	-	-	-	-1 019 347	-	110 100	58 188 867	-	200 000	-	-	-	-	-	-	200 000	57 988 867		
Buildings	36 204 371	1	110 100	-	36 314 471	1	11 766 563	-	-155 266	-	-110 100	47 815 669	9 082 472	3 340	-	928 251	(23 391)	-	-	9 987 332	3 340	37 824 997		
Work in Progress	-	-	-	-	-	-	80 500	-	-	-	-	80 500	-	-	-	-	-	-	-	-	-	80 500		
Infrastructure	519 129 696	2	(113 415)	-	519 016 281	2	22 730 088	-	-202 905	-	113 415	541 656 881	121 501 856	508 397	-	13 518 895	(138 245)	20 640	-	134 882 506	529 037	406 245 339		
Electricity	128 005 856	-	(24 379)	-	127 981 477	-	2 371 659	-	-	-	24 379	130 377 515	37 261 834	-	-	3 281 744	-	-	-	40 543 578	-	89 833 937		
Electricity capital spares	2 092 595	-	(117 001)	-	1 975 594	-	-	-	-	-	117 001	2 092 595	-	-	-	-	-	-	-	-	-	2 092 595		
Housing	5 879 200	-	-	-	5 879 200	-	-	-	-3 000	-	-	5 876 200	320 838	508 397	-	9 719	-	-	-	330 557	508 397	5 037 246		
Roads	136 442 295	-	(152 764)	-	136 289 531	-	493 418	-	-90 840	-	152 764	136 844 873	36 736 492	-	-	3 839 773	(79 499)	-	-	40 496 766	-	96 348 107		
Sewerage	65 122 854	1	-	-	65 122 854	1	13 652 193	-	-	-	-	78 775 048	16 088 317	-	-	1 922 528	-	-	-	18 010 845	-	60 764 203		
Waste Management	19 992 800	-	-	-	19 992 800	-	13 760 494	-	-	-	-	33 753 294	4 906 055	-	-	942 010	-	-	-	5 848 065	-	27 905 229		
Water	135 619 794	1	-	-	135 619 794	1	1 788 783	-	-109 064	-	-	137 299 514	26 188 319	-	-	3 523 121	(58 746)	20 640	-	29 652 695	20 640	107 626 179		
Water capital spares	380 734	-	3 586	-	384 320	-	-	-	-	-	-3 586	380 734	-	-	-	-	-	-	-	-	-	380 734		
Work in Progress	25 593 568	-	177 143	-	25 770 711	-	-9 336 459	-	-	-	-177 143	16 257 109	-	-	-	-	-	-	-	-	-	16 257 109		
Community Assets	71 846 566	-	-	-	71 846 566	-	5 107 766	-	-85 000	-	-	76 869 332	17 954 226	-	-	1 784 605	(15 278)	-	-	19 723 553	-	57 145 780		
Airfield	243 058	-	-	-	243 058	-	-	-	-	-	-	243 058	41 376	-	-	7 811	-	-	-	49 187	-	193 871		
Cemeteries	2 502 048	-	-	-	2 502 048	-	-	-	-	-	-	2 502 048	1 098 908	-	-	98 295	-	-	-	1 197 203	-	1 304 846		
Clinics	2 955 191	-	49 000	-	3 004 191	-	-	-	-85 000	-	(49 000)	2 870 191	606 663	-	-	62 925	(15 278)	-	-	654 310	-	2 215 881		
Community halls	12 523 526	-	-	-	12 523 526	-	-	-	-	-	-	12 523 526	2 373 718	-	-	169 584	-	-	-	2 543 303	-	9 980 224		
Fire, safety & emergency	681 144	-	-	-	681 144	-	-	-	-	-	-	681 144	303 390	-	-	30 755	-	-	-	334 144	-	347 000		
Libraries	8 762 545	-	(1 388 490)	-	7 374 055	-	4 375 371	-	-	-	1 388 490	13 137 915	2 761 942	-	-	247 062	-	-	-	3 009 003	-	10 128 912		
Museums & Art Galleries	595 166	-	-	-	595 166	-	-	-	-	-	-	595 166	121 940	-	-	8 804	-	-	-	130 824	-	464 342		
Other	9 821 482	-	-	-	9 821 482	-	-	-	-	-	-	9 821 482	1 344 693	-	-	328 364	-	-	-	1 673 056	-	8 148 425		
Parks & Gardens	11 776 045	-	-	-	11 776 045	-	-	-	-	-	-	11 776 045	1 519 585	-	-	125 180	-	-	-	1 644 765	-	10 131 281		
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 407 469	-	-	66 566	-	-	-	1 474 035	-	519 276		
Sport fields & stadia	16 408 099	-	(453 118)	-	15 954 981	-	135 749	-	-	-	453 118	16 543 848	4 837 476	-	-	525 534	-	-	-	5 363 010	-	11 180 837		
Swimming pools	3 468 269	-	-	-	3 468 269	-	-	-	-	-	-	3 468 269	1 537 067	-	-	113 646	-	-	-	1 650 713	-	1 817 556		
Work in Progress	116 683	-	1 792 607	-	1 909 290	-	596 647	-	-	-	(1 792 607)	713 329	-	-	-	-	-	-	-	-	-	713 329		
Leased Assets	2 237 884	-	-	-	2 237 884	-	1 391 184	-	-184 832	-	-	3 444 235	360 531	-	-	1 048 837	(159 498)	-	-	1 249 870	-	2 194 366		
Office Equipment (Lease)	2 237 884	-	-	-	2 237 884	-	1 391 184	-	-184 832	-	-	3 444 235	360 531	-	-	1 048 837	(159 498)	-	-	1 249 870	-	2 194 366		
Other Assets	71 174 215	9 825 142	(5 816)	-	71 168 399	9 825 142	9 986 928	1 314 212	-846 817	-22 456	5 816	91 431 224	34 283 086	1 413	-	5 669 903	(766 166)	262 674	-	39 186 823	264 088	51 980 313		
Computer hardware/equipment	14 400 924	27	-	-	14 400 924	27	1 376 909	-	-79 384	-	-	15 698 476	6 165 941	1 413	-	1 269 323	(34 418)	99 723	-	7 400 847	101 136	8 196 493		
Furniture & office equipment	7 952 059	255	(5 816)	-	7 946 243	255	1 645 559	58 047	-717 678	-	5 816	8 938 242	3 796 528	-	-	1 157 016	(695 749)	14 884	-	4 257 794	14 884	4 665 563		
General Vehicles	21 858 276	7 437 292	-	-	21 858 276	7 437 292	5 200 883	1 256 165	-31 590	-22 456	-	35 698 570	11 105 384	-	-	1 471 444	(23 993)	131 265	-	12 552 835	131 265	23 014 470		
Other	2 377 691	207 942	-	-	2 377 691	207 942	9 690	-	-	-	-	2 595 323	282 553	-	-	231 690	-	-	-	514 242	-	2 081 080		
Other Buildings	1 260 505	-	-	-	1 260 505	-	-	-	-	-	-	1 260 505	571 230	-	-	36 260	-	-	-	607 491	-	653 014		
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	-	4 879 018	2 361 820	-	-	196 087	-	-	-	2 557 906	-	2 321 112		
Plant & Equipment	19 400 463	1 224 906	-	-	19 400 463	1 224 906	1 753 887	-	-18 165	-	-	22 361 091	9 999 631	-	-	1 308 083	(12 007)	16 802	-	11 295 708	16 802	11 048 581		
	759 800 946	9 825 145	(119 231)	-	759 681 715	9 825 145	51 063 029	1 314 212	(2 494 167)	(22 456)	119 231	819 486 709	183 182 169	713 150	-	22 950 491	(1 102 578)	283 314	-	205 030 082	996 465	613 460 162		

13 PROPERTY, PLANT AND EQUIPMENT

13.1 30 JUNE 2016

Reconciliation of Carrying Value	Cost													Accumulated Depreciation and Impairment Losses										Carrying Value
	Opening Balance Original Cost	Opening Balance Residual Values	Adjustments Original Cost	Adjustments Residual Values	Restated Opening Balance Original Cost	Restated Opening Residual Value	Additions Original Cost	Additions Residual Values	Disposals / Transfer Original Cost	Disposals / Transfer Residual Values	Adjustments	Closing Balance Cost	Accumulated Depreciation Opening Balance	Accumulated Impairments Opening Balance	Adjustments	Depreciation	Disposals / Transfer	Impairments	Adjustments	Accumulated Depreciation Closing Balance	Accumulated Impairments Closing Balance			
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R			
Land and Buildings	95 883 424	-	1	(1 577 856)	-	94 305 568	-	1	1 416 169	-	-309 151	-	95 412 586	8 896 844	203 340	-648 509	887 135	(31 517)	-	(21 482)	9 082 472	203 340	86 126 774	
Land	58 597 934	-	-	756 960	-	59 354 894	-	-	-256 780	-	-	59 098 114	-	-	200 000	-	-	-	-	-	-	200 000	-	58 898 114
Buildings	37 285 490	1	(2 334 817)	-	34 950 673	1	1 416 169	-	-52 371	-	-	36 314 472	8 896 844	3 340	-648 509	887 135	(31 517)	-	(21 482)	9 082 472	3 340	27 228 660		
Infrastructure	466 191 198	2	(4 022 593)	-	462 168 606	2	57 962 183	-	-	-	-1 114 507	519 016 284	113 728 115	-	-4 502 483	12 357 269	-	508 397	(81 041)	121 501 860	508 397	387 066 927		
Electricity	121 992 607	-	-	1 143 873	-	123 136 480	-	-	4 844 999	-	-	127 981 479	34 298 352	-	-123 594	3 095 571	-	-	(8 490)	37 261 839	-	90 719 640		
Electricity capital spares	2 397 971	-	-	-	-	2 397 971	-	-	-	-	(422 378)	1 975 594	-	-	-	-	-	-	-	-	-	1 975 594		
Housing	6 814 851	-	-	(935 651)	-	5 879 200	-	-	-	-	-	5 879 200	1 058 426	-	-747 962	64 076	-	508 397	(53 712)	320 838	508 397	5 049 965		
Roads	115 256 688	-	-	(1 331 826)	-	113 924 862	-	-	22 364 669	-	-	136 289 531	36 227 343	-	-2 969 253	3 499 408	-	-	(21 006)	36 736 492	-	99 553 039		
Sewerage	56 197 130	1	-	-	56 197 130	1	8 925 724	-	-	-	-	65 122 855	14 560 927	-	-165 872	1 690 255	-	3 008	-	16 088 317	-	49 034 538		
Waste Management	19 992 800	-	-	-	19 992 800	-	-	-	-	-	-	19 992 800	4 339 008	-	-	567 213	-	-	(165)	4 906 055	-	15 086 745		
Water	130 620 179	1	(110 000)	-	130 510 179	1	5 109 615	-	-	-	-	135 619 795	23 244 060	-	-495 811	3 440 746	-	-	(675)	26 188 319	-	109 431 476		
Water capital spares	392 718	-	-	-	392 718	-	-	-	-	-	(8 398)	384 320	-	-	-	-	-	-	-	-	-	384 320		
Work in Progress	12 526 254	-	(2 788 989)	-	9 737 266	-	16 717 176	-	-	-	(683 731)	25 770 711	-	-	-	-	-	-	-	-	-	25 770 711		
Community Assets	75 079 116	-	(5 047 100)	-	70 032 016	-	1 814 550	-	-	-	-	71 846 566	18 226 471	-	-1 981 354	1 912 278	-	-	(203 170)	17 954 226	-	53 892 340		
Airfield	378 308	-	-	(135 250)	-	243 058	-	-	-	-	-	243 058	45 710	-	-12 166	9 186	-	-	(1 354)	41 376	-	201 681		
Cemeteries	2 556 489	-	-	(54 441)	-	2 502 048	-	-	-	-	-	2 502 048	1 030 830	-	-30 486	101 622	-	-	(3 058)	1 098 908	-	1 403 141		
Clinics	5 392 337	-	-	(2 388 146)	-	3 004 191	-	-	-	-	-	3 004 191	1 001 936	-	-459 081	87 851	-	-	(24 044)	606 663	-	2 397 528		
Community halls	12 374 949	-	-	(147 545)	-	12 227 404	-	296 123	-	-	-	12 523 526	2 277 994	-	-20 436	165 184	-	-	(49 023)	2 373 718	-	10 149 808		
Fire, safety & emergency	761 145	-	-	(80 000)	-	681 144	-	-	-	-	-	681 144	259 159	-	-26 608	34 165	-	-	(3 326)	303 390	-	377 755		
Libraries	7 478 087	-	-	(131 032)	-	7 347 055	-	27 000	-	-	-	7 374 055	2 608 178	-	-83 409	244 072	-	-	(6 899)	2 761 942	-	4 612 113		
Museums & Art Galleries	616 241	-	-	(21 075)	-	595 166	-	-	-	-	-	595 166	114 524	-	-1 492	9 215	-	-	(307)	121 940	-	473 226		
Other	10 575 770	-	-	(754 288)	-	9 821 482	-	-	-	-	-	9 821 482	1 421 346	-	-405 916	368 270	-	-	(39 006)	1 344 693	-	8 476 789		
Parks & Gardens	11 975 977	-	-	(299 932)	-	11 676 045	-	100 000	-	-	-	11 776 045	1 735 194	-	-331 110	129 854	-	-	(14 353)	1 519 585	-	10 256 460		
Recreation facilities	1 993 311	-	-	-	1 993 311	-	-	-	-	-	-	1 993 311	1 340 721	-	-	66 748	-	-	-	1 407 469	-	595 942		
Sport fields & stadia	17 102 249	-	-	(1 182 355)	-	15 919 893	-	35 088	-	-	-	15 954 981	4 767 180	-	-451 468	566 692	-	-	(44 928)	4 837 476	-	11 117 505		
Swimming pools	3 757 573	-	-	(306 153)	-	3 451 419	-	16 850	-	-	-	3 468 269	1 583 700	-	-159 181	129 419	-	-	(16 872)	1 537 067	-	1 931 203		
Work in Progress	116 683	-	-	453 118	-	569 800	-	1 339 490	-	-	-	1 909 290	-	-	-	-	-	-	-	-	-	1 909 290		
Leased Assets	2 624 369	-	-	89 877	-	2 714 246	-	1 841 847	-	-2 273 027	-	-45 183	2 237 884	1 237 337	-	54 666	723 605	(1 603 306)	-	(51 771)	360 531	-	1 877 353	
Office Equipment (Lease)	2 624 369	-	-	89 877	-	2 714 246	-	1 841 847	-	-2 273 027	-	-45 183	2 237 884	1 237 337	-	54 666	723 605	(1 603 306)	-	(51 771)	360 531	-	1 877 353	
Other Assets	63 511 204	8 879 036	(995 678)	-	62 915 526	8 879 036	10 120 444	1 237 333	-2 050 029	-268 770	160 000	80 993 539	31 395 968	1 413	-534 671	4 829 941	(1 394 924)	-	(13 135)	34 283 079	1 413	46 709 047		
Computer hardware/equipment	12 551 876	27	(63 400)	-	12 488 476	27	2 015 359	-	(102 911)	-	-	14 400 951	5 272 797	1 413	-128 130	1 097 900	(77 999)	-	1 373	6 165 941	1 413	8 233 596		
Furniture & office equipment	7 313 052	255	(278 762)	-	7 034 291	255	1 385 098	-	(473 145)	-	-	7 546 496	3 594 072	-	-291 011	975 664	(469 841)	-	(12 357)	3 796 528	-	4 149 970		
General Vehicles	19 590 361	6 492 685	(160 000)	-	19 430 361	6 492 685	3 371 195	1 235 633	(1 125 736)	(268 769)	160 000	29 295 568	10 454 702	-	112 158	1 160 884	(622 360)	-	-	11 105 384	-	18 190 185		
Other	291 927	207 942	-	-	291 927	207 942	2 132 989	-	(47 225)	-	-	2 585 633	142 226	-	-	179 542	(39 215)	-	-	282 553	-	2 303 080		
Other Buildings	1 132 606	-	-	(70 028)	-	1 062 578	-	197 927	-	-	-	1 260 505	548 228	-	-7 811	33 737	-	-	(2 942)	571 230	-	689 275		
Specialised Vehicles	3 924 298	954 721	-	-	3 924 298	954 721	-	-	-	-	-	4 879 018	2 165 196	-	-	196 624	-	-	-	2 361 820	-	2 517 199		
Plant & Equipment	18 707 085	1 223 407	(23 489)	-	18 683 596	1 223 407	1 017 876	1 500	(301 011)	(1)	-	20 625 366	9 218 747	-	-219 877	1 185 491	(185 509)	-	772	9 999 624	-	10 625 742		
	703 289 311	8 879 039	(11 153 356)	-	692 135 962	8 879 039	73 155 193	1 237 333	(4 632 267)	(268 770)	(999 690)	769 596 859	173 484 735	204 753	-7 612 351	20 710 128	(3 029 747)	508 397	(378 598)	183 182 167 011	713 150	585 611 542		

13 PROPERTY, PLANT AND EQUIPMENT (CONTINUE)

	2017	2016
13.2 Property, Plant and Equipment which is in the process of being constructed or developed:		
Land and Buildings		
Buildings	80 500	-
Infrastructure Assets	16 257 109	
Roads	1 419 358	-
Storm Water	-	-
Electricity	2 499 774	-
Water Supply	8 369 877	-
Sanitation	3 968 100	-
Solid Waste	-	-
Rail	-	-
Coastal	-	-
Information and Communication	-	-
Community Assets	713 329	-
Other Assets	-	-
Total Property, Plant and Equipment under construction	17 050 938	-

	2017	2016
13.3 Expenditure incurred to repair and maintain Property, Plant and Equipment:		
Employee related costs	905 203	1 056 515
Other materials	9 434 546	8 843 492
Contracted Services	6 223 519	7 813 353
Other Expenditure	104 451	313 404
Total Repairs and Maintenance	16 667 720	18 026 764

13.4 Assets pledged as security:

A bond is registered on the Town Hall of Ashton in favour of the Development Bank of South Africa as security for the following loans:

- Extension - Municipal Offices
- Vehicle Testing Station
- Paving
- Electrification - Industrial Area

13.5 CHANGE IN ESTIMATE

Effect of changes in accounting estimates

During the current year useful lives of Property, Plant and Equipment were re-assessed. The effect of current as well as future periods are as follows:

	2017	2018	2019
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	-	-	-
Increase/(Decrease) in Accumulated Depreciation: PPE	-	-	-

(*) The review of useful lives performed on all Property, Plant and Equipment assets was treated as a Correction of Prior Period Error. Refer to note 38.6 for detailed disclosure on the Correction of Prior Period Error.

14	INVESTMENT PROPERTY	2017 R	2016 R
	Net Carrying amount at 1 July	27 105 649	27 155 366
	Cost	28 889 905	28 889 905
	Accumulated Depreciation	(1 784 256)	(1 734 539)
	Accumulated Impairment	-	-
	Disposals	(20 000)	-
	Depreciation for the year	(49 582)	(49 717)
	Net Carrying amount at 30 June	27 036 067	27 105 649
	Cost	28 869 905	28 889 905
	Accumulated Depreciation	(1 833 838)	(1 784 256)
	Accumulated Impairment	-	-
	Balance previously reported		27 290 366
	Correction of error - Refer to note 39.7		(135 000)
	Restated balance		27 155 366
There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.			
There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.			
	Revenue derived from the rental of investment property	1 187 838	1 186 076
	Operating expenditure incurred on properties	3 967 335	4 364 445
	Repairs and Maintenance incurred on properties:		
		Repairs and Maintenance	Repairs and Maintenance
	Revenue Generating	7 597	-
	Improved Property	7 597	-
	Unimproved Property	-	-
	Non-revenue Generating	-	-
	Improved Property	-	-
	Unimproved Property	-	-
	Total Repairs and maintenance	7 597	-
15	INTANGIBLE ASSETS	2017 R	2016 R
	Computer Software and Servitudes		
	Net Carrying amount at 1 July	210 328	262 629
	Cost	1 005 843	1 005 843
	Accumulated Amortisation	(795 515)	(743 214)
	Acquisitions	53 291	-
	Amortisation	(54 182)	(52 301)
	Net Carrying amount at 30 June	209 437	210 328
	Cost	1 059 134	1 005 843
	Accumulated Amortisation	(849 697)	(795 515)
	Balance previously reported		342 371
	Correction of error - Refer to note 39.8		(132 043)
	Restated balance		210 328
The following material intangible assets are included in the carrying value above			
		Carrying Value	
	<u>Description</u>	2017 R	2016 R
	Microsoft Office	103 146	157 328
	Software Bytes NBD	29 191	-
	Omron Scda Software - Vehicle Testing	24 100	-
	Servitude Bonnievale	53 000	53 000
	Total	209 437	210 328

Only the Bonnievale Servitude was assessed as an intangible asset having an indefinite useful life. As it is a right to use a piece of land impairment assessment annually is considered but not deemed necessary. There are no internally generated intangible assets at reporting date. There are no intangible assets whose title is restricted. There are no intangible assets pledged as security for liabilities. There are no contractual commitments for the acquisition of intangible assets.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	R	R
16 HERITAGE ASSETS		
Net Carrying amount at 1 July	649 000	649 000
Impairments	(389 000)	(389 000)
Net Carrying amount at 30 June	260 000	260 000
Cost	649 000	649 000
Accumulated Impairment	(389 000)	(389 000)

The Museum collapsed on 26 August 2014 when maintenance work was done by a contractor. The municipality instituted legal proceedings against the contractor to recover costs to reinstate the building.

There are no restrictions on the realisability of Heritage Assets or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Heritage Assets or for repairs, maintenance or enhancements.

There are no Heritage Assets pledged as security for liabilities

No third party payments received for losses and impairments incurred on the museum as at 30 June 2017:

Payments received (Excluding VAT)	-	-
Carrying value of assets written off/lost/impairment	-	-
Surplus/Deficit	-	-

	2017	2016
	R	R
17 CAPITALISED RESTORATION COST		
Net Carrying amount at 1 July	7 957 403	19 707 516
Cost	50 107 091	51 765 576
Accumulated Depreciation	(28 757 257)	(18 665 629)
Accumulated Impairments	(13 392 431)	(13 392 431)
(Decrease)/Increase in asset value	17 445	(1 658 485)
Depreciation for the year	(3 427 522)	(10 091 628)
Impairment for the year	-	-
Net Carrying amount at 30 June	4 547 326	7 957 403
Cost	50 124 537	50 107 091
Accumulated Depreciation	(32 184 780)	(28 757 257)
Accumulated Impairments	(13 392 431)	(13 392 431)

The impairment on the landfill sites is as result of the rehabilitation requirements, but the Montagu and McGregor sites have already reached their economic useful lives.

18 NON-CURRENT INVESTMENTS		
Listed Investments	110 485	108 567
Unlisted Investments	12 336	12 336
Total Non-Current Investments	122 821	120 903

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

The listed shares represent 270 Sanlam Shares and 10275 Capevin Shares and Unlisted Shares represent 1028 KVV Shares held at fair value, available for sale.

The market value per share at year end: Sanlam Shares	64.80	60.36
The market value per share at year end: La Concorde Holdings	12.00	12.00
The market value per share at year end: Capevin Shares	9.05	8.98

19	LONG-TERM RECEIVABLES	2017 R	2016 R
	Provincial Government Housing Loans - At amortised cost	365 196	383 622
	Staff Study loans - At amortised cost	139 551	155 342
	Services connections - At amortised cost	520 610	730 146
	Short-term Installments	264 524	141 361
	Agreements with Consumer Debtors	13 430 508	15 750 842
		<hr/>	<hr/>
	Less: Current portion transferred to current receivables	14 720 389	17 161 313
		(655 465)	(529 249)
		<hr/>	<hr/>
	Less: Provision for Impairment	14 064 924	16 632 064
		(13 430 508)	(15 750 841)
		<hr/>	<hr/>
	Total Long Term Receivables	634 415	881 223
		<hr/>	<hr/>
	Balance previously reported		881 146
	Change in accounting policy - Refer to note 39.9		77
			<hr/>
			881 223
			<hr/>

19 LONG-TERM RECEIVABLES (CONTINUE)

HOUSING LOANS

The Provincial Government Housing Loans are receivable from various customers. When tested for impairment management determined that none of the financial assets are individually significant therefore impairment was performed on a group basis.

SERVICES CONNECTIONS

The Services connections are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

LAND SALES

The Land sales are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

AGREEMENTS WITH CONSUMER DEBTORS

The agreements with consumer debtors are receivable from various customers. When tested for impairment; management determined; that none of the financial assets are individually significant therefore impairment was performed on a group basis.

	2017 R	2016 R
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	15 750 841	14 613 545
Contribution to provision/(Reversal of provision)	(2 320 333)	1 137 297
Bad Debts Written Off	-	-
	<hr/>	<hr/>
Balance at end of year	13 430 508	15 750 841
	<hr/>	<hr/>

20 INVENTORY

Maintenance Materials - At cost	7 385 870	8 827 362
Compost – at cost	118 096	84 216
Water – at cost	149 537	127 933
Low Cost Housing	44 893 833	9 160 617
	<hr/>	<hr/>
Total Inventory	52 547 337	18 200 128
	<hr/>	<hr/>

Balance previously reported	18 177 844
Correction of Error - Refer to note 39.10	22 285
	<hr/>
Restated balance	18 200 128
	<hr/>

The municipality recognised only purification costs in respect of non-purchased purified water inventory.

Consumable stores materials written down due to damages as identified during the annual stores counts.	3 220	5 819
	<hr/>	<hr/>

Consumable stores materials surpluses identified during the annual stores counts.	202	-
	<hr/>	<hr/>

Inventory recognised as an expense during the year	8 515 124	8 512 726
	<hr/>	<hr/>

Write down of inventory to the lower of Cost or Net Realisable Value	25 844	72 013
	<hr/>	<hr/>

21

	2017 R	2016 R
RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Electricity	21 261 204	19 864 050
Water	7 505 642	7 050 376
Refuse	4 138 023	4 281 984
Sewerage	5 526 934	5 610 725
Housing Rentals	560 346	780 666
Other Receivables	4 090 414	3 132 667
Prepaid Expenses	122 821	74 556
Other	19 253 605	18 465 006
Total Receivables from Exchange Transactions	62 458 989	59 260 028
Less: Provision for Impairment	(14 698 791)	(15 043 689)
Total Net Receivables from Exchange Transactions	47 760 198	44 216 339
Balance previously reported		41 829 874
Correction of error - Refer to note 39.11		2 386 465
Restated balance		44 216 339
Consumer Trade Receivables are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary		
Ageing of Receivables from Exchange Transactions:		
<u>(Electricity): Ageing</u>		
Current (0 - 30 days)	19 662 982	17 893 262
31 - 60 Days	284 258	174 375
61 - 90 Days	110 191	77 374
+ 90 Days	1 203 774	1 719 039
Total	21 261 204	19 864 050
<u>(Water): Ageing</u>		
Current (0 - 30 days)	3 325 080	3 192 272
31 - 60 Days	485 567	503 444
61 - 90 Days	442 807	378 651
+ 90 Days	3 252 188	2 976 008
Total	7 505 642	7 050 376
<u>(Refuse): Ageing</u>		
Current (0 - 30 days)	1 270 173	1 344 533
31 - 60 Days	179 645	270 701
61 - 90 Days	193 965	202 777
+ 90 Days	2 494 239	2 463 973
Total	4 138 023	4 281 984
<u>(Sewerage): Ageing</u>		
Current (0 - 30 days)	1 673 669	1 739 651
31 - 60 Days	234 013	348 904
61 - 90 Days	256 523	263 237
+ 90 Days	3 362 729	3 258 932
Total	5 526 934	5 610 725
<u>(Other): Ageing</u>		
Current (0 - 30 days)	21 128 646	19 955 956
31 - 60 Days	77 458	52 039
61 - 90 Days	169 856	48 424
+ 90 Days	2 651 225	2 321 919
Total	24 027 186	22 378 338
<u>(Total): Ageing</u>		
Current (0 - 30 days)	47 060 551	44 125 674
31 - 60 Days	1 260 941	1 349 463
61 - 90 Days	1 173 343	970 463
+ 90 Days	12 964 155	12 739 872
Total	62 458 989	59 185 472

21

RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUE)

2017

2016

Reconciliation of Provision for Bad Debts

Balance at beginning of year

Contribution to provision/(Reversal of provision)

Bad Debts Written Off

Balance at end of year

The Provision for Impairment could be allocated between the different classes of receivables as follows:

Electricity

Water

Refuse

Sewerage

Other

2017

Gross balance

Allowance for doubtful debt

Net balance

Electricity

Water

Refuse

Sewerage

Other

Balance at end of year

2016

Gross balance

Allowance for doubtful debt

Net balance

Electricity

Water

Refuse

Sewerage

Other

Balance at end of year

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

22	RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS	2017 R	2016 R
	Rates	9 482 088	9 029 783
	Fines	6 250 200	15 458 050
	Other Receivables	9 112 461	5 641 578
	Accrued Interest	615 137	470 745
	Availability charges	5 714 522	4 874 899
	Other	2 782 803	295 935
	Total Receivables from Non-Exchange Transactions	24 844 750	30 129 412
	Less: Provision for Impairment	(17 520 851)	(24 532 906)
	Total Net Receivables from Non-Exchange Transactions	7 323 898	5 596 506
	Balance previously reported		5 397 777
	Correction of error - Refer to note 39.12		198 729
	Restated balance		5 596 506

Trade Receivables with a total outstanding balance of R 13 430 508 (2016: R 15 750 842) have arranged to settle their account over a re-negotiated period. The total value has been deferred beyond 12 months after year end and subsequently included as part of long term Trade Receivables.

Refer to note 19 for balances deferred beyond 12 months from year end.

Ageing of Receivables from Non-Exchange Transactions:

(Rates): Ageing

Current (0 - 30 days)	2 350 120	2 069 494
31 - 60 Days	168 292	227 706
61 - 90 Days	277 952	169 063
+ 90 Days	6 685 725	6 563 521
Total	9 482 088	9 029 783
Reconciliation of Provision for Bad Debts		
Balance at beginning of year	24 532 906	23 037 500
Contribution to provision/(Reversal of provision)	(7 012 055)	1 495 406
Bad Debts Written Off	-	-
Balance at end of year	17 520 851	24 532 906

2017	Gross balance	Allowance for doubtful debt	Net balance
Rates	9 482 088	(6 762 810)	2 719 278
Fines	6 250 200	(5 369 443)	880 757
Other Receivables	9 112 461	(5 388 599)	3 723 863
Balance at end of year	24 844 750	(17 520 851)	7 323 898
2016	Gross balance	Allowance for doubtful debt	Net balance
Rates	9 029 783	(6 740 516)	2 289 268
Fines	15 458 050	(13 233 983)	2 224 067
Other Receivables	5 641 578	(4 558 408)	1 083 171
Balance at end of year	30 129 412	(24 532 906)	5 596 505

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

23	OPERATING LEASE ARRANGEMENTS	2017	2016
	The Municipality as Lessor (Asset)		
	Balance on 1 July	91 832	76 262
	Movement during the year	16 605	15 570
	Balance on 30 June	108 437	91 832
	Balance previously reported		88 941
	Correction of Error: Lease Contracts not included in Lease Register 2015/2016 - Refer to note 39.13		2 891
	Restated balance		91 832

At the Statement of Financial Position date, where the municipality acts as a lessor under operating leases, it will receive operating lease income as follows:

Up to 1 Year	1 476 180	974 873
1 to 5 Years	1 817 394	1 683 452
More than 5 Years	396 440	244 875
Total Operating Lease Arrangements	3 690 013	2 903 200

This lease income was determined from contracts that have a specific conditional income. It does not include lease income which has a undetermined conditional income.

The leases are in respect of land and buildings being leased out.

24	CASH AND CASH EQUIVALENTS	2017	2016
	Assets		
	Call Investments Deposits	95 083 394	90 015 287
	Bank Accounts	20 010 635	13 063 862
	Cash Floats	10 610	9 110
	Total Cash and Cash Equivalents - Assets	115 104 639	103 088 259
	Liabilities		
	Primary Bank Account	-	-
	Total Cash and Cash Equivalents - Liabilities	-	-
	Balance previously reported		103 610 078
	Correction of Error: Old outstanding deposits cleared - Refer to note 39.15		(521 819)
	Restated balance		103 088 259

Cash and cash equivalents comprises of cash held and short term deposits. The carrying amount of these assets approximates their fair value.

The Municipality does not have a bank overdraft facility. Management did not deem it necessary.

The municipality has the following bank accounts:

	2017	2016
Current Accounts		
Primary Bank account	20 010 635	13 063 862
Traffic bank account	-	-
	20 010 635	13 063 862

Traffic account is cleared daily to Primary Bank Account.

24

CASH AND CASH EQUIVALENTS (CONTINUE)

Primary Bank account	Montagu ABSA - Account Number 1050 000 008		
Cash book balance at beginning of year		13 063 862	57 754 292
Cash book balance at end of year		20 010 635	13 063 862
Bank statement balance at beginning of year		12 523 860	57 512 148
Bank statement balance at end of year		19 656 216	12 523 860
Traffic bank account	Montagu ABSA - Account Number 406 272 8351		
Cash book balance at beginning of year		-	2 300
Cash book balance at end of year		-	-
Bank statement balance at beginning of year		500	5 400
Bank statement balance at end of year		100	500
Call investment deposits consist of the following accounts:			
Nedbank	Account Number 03/7881034971/000035	35 000 000	35 000 000
Standard Bank	Account Number 28 847 690 5 - 003	35 000 000	30 000 000
ABSA	Account Number 92 99946707	25 083 394	25 015 287
		95 083 394	90 015 287

25

PROPERTY RATES

	2017	2016
Actual		
Rateable Land and Buildings	53 813 009	50 297 609
Residential, Commercial Property, State	53 813 009	50 297 609
Less: Rebates	(11 127 316)	(10 343 148)
Total Assessment Rates	42 685 693	39 954 462
Valuations		
Rateable Land and Buildings		
Residential	5 616 435 799	5 553 320 799
Agricultural	6 086 986 626	6 047 662 296
Government	289 685 700	290 025 700
Business & Commercial	1 460 004 946	1 457 416 946
Municipal	407 922 928	419 838 778
Exempt Properties	338 828 950	341 000 950
Total Assessment Rates	14 199 864 949	14 109 265 469
Valuations on land and buildings are performed every four years. The last valuation came into effect on 1 July 2014.		
Rates:		
Residential	0.0052c/R	0.0049c/R
Commercial, Industrial & Government	0.0075c/R	0.0071c/R
Public Benefit Organisations	0.0010c/R	0.0009c/R
Agricultural	0.0010c/R	0.0009c/R

Rates are levied annually and is payable by the 7th of October. Interest is levied at the prime rate on outstanding instalments. Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.

26

GOVERNMENT GRANTS AND SUBSIDIES

	2017 R	2016 R
Unconditional Grants	60 461 000	57 378 000
Equitable Share	60 461 000	57 378 000
Conditional Grants	76 007 873	64 787 869
Grants and donations	1 370 638	1 347 431
Subsidies	74 637 235	63 440 438
Total Government Grants and Subsidies	136 468 873	122 165 869
Government Grants and Subsidies - Capital	24 502 697	46 347 944
Government Grants and Subsidies - Operating	111 966 176	75 817 925
	136 468 873	122 165 869

Revenue recognised per vote as required by Section 123 (c) of the MFMA

Equitable share	60 461 000	57 378 000
Executive & Council	592 908	361 667
Budget & Treasury	1 475 000	1 783 523
Corporate Services	-	940 000
Planning & Development	1 759 000	1 541 619
Community & Social Services	12 562 594	8 196 777
Housing	37 248 369	27 539 887
Sport & Recreation	500 000	-
Waste Management	6 033 464	2 914 970
Waste Water Management	6 612 484	18 453 030
Road Transport	99 877	848 402
Water	7 870 052	-
Electricity	1 254 126	2 207 993
	136 468 873	122 165 869

The municipality does not expect any significant changes to the level of grants.

	2017	2016
26.1 Equitable share		
Opening balance	-	-
Grants received	60 461 000	57 378 000
Conditions met - Operating	(60 461 000)	(57 378 000)
Conditions still to be met	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

26.2 Local Government Financial Management Grant (FMG)		
Opening balance	-	-
Grants received	1 475 000	1 450 000
Conditions met - Operating	(1 475 000)	(1 450 000)
Conditions met - Capital	-	-
Conditions still to be met	-	-

The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).

26	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUE)	2017 R	2016 R
26.3	Municipal Systems Improvement Grant		
	Opening balance	-	-
	Grants received	-	940 000
	Conditions met - Operating	-	(115 439)
	Conditions met - Capital	-	(824 561)
	Conditions still to be met	-	-
	The MSIG was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
26.4	Municipal Infrastructure Grant (MIG)		
	Opening balance	-	2 755
	Grants received	20 983 000	21 368 000
	Transfer	-	(2 755)
	Conditions met - Operating	(2 576 787)	(2 624 140)
	Conditions met - Capital	(18 406 213)	(18 743 860)
	Conditions to be met	-	-
	The grant was used to upgrade infrastructure in previously disadvantaged areas.		
26.5	Housing Grants		
	Opening balance	1 004 545	1 022 286
	Grants received	38 354 126	27 655 483
	Transfer	-	(133 338)
	Conditions met - Operating	(37 281 369)	(5 083 971)
	Conditions met - Capital	-	(22 455 916)
	Conditions to be met	2 077 301	1 004 545
26.6	Integrated National Electrification Grant		
	Opening balance	33 126	541 119
	Grants received	1 221 000	2 000 000
	Transfer	-	(300 000)
	Conditions met - Operating	(143 020)	(410 669)
	Conditions met - Capital	(1 111 106)	(1 797 324)
	Conditions to be met	0	33 126
	The National Electrification Grant was used for electrical connections in previously disadvantaged areas.		
26.7	Other Grants		
	Opening balance	7 196 111	6 942 431
	Grants received	14 314 585	11 535 667
	Transfer	(5 395 729)	1
	Conditions met - Operating	(10 029 000)	(8 755 705)
	Conditions met - Capital	(4 985 378)	(2 526 283)
	Conditions to be met	1 100 589	7 196 111
	Various grants were received from other spheres of government (e.g. Library fund and Skills Development Grant)		
26.8	Total Grants		
	Opening balance	8 233 784	8 508 595
	Grants received	136 808 711	122 327 150
	Transfer	(5 395 730)	(436 094)
	Conditions met - Operating	(111 966 176)	(75 817 925)
	Conditions met - Capital	(24 502 697)	(46 347 944)
	Conditions to be met	3 177 892	8 233 783
	<u>Disclosed as follows:</u>		
	Unspent Conditional Government Grants and Receipts	3 177 892	8 233 783
	Unpaid Conditional Government Grants and Receipts	-	-
		3 177 892	8 233 783

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

		2017	2016
27	SERVICE CHARGES		
	Electricity	338 088 350	305 617 803
	Water	37 919 502	37 742 238
	Refuse removal	21 871 550	20 122 041
	Sewerage and Sanitation Charges	28 308 880	26 245 536
		<hr/>	<hr/>
		426 188 283	389 727 618
	Less: Rebates	(20 407 066)	(14 917 628)
		<hr/>	<hr/>
	Total Service Charges	405 781 216	374 809 991
		<hr/>	<hr/>
	Balance previously reported		375 228 931
	Correction of error - Refer to note 39.24		(418 941)
			<hr/>
	Restated balance		374 809 991
			<hr/>
	Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by way of rebate or remission.		
28	OTHER INCOME		
	Bad debts recovered	-	199 003
	Building plans	953 921	748 109
	Bulk service levies	3 563 630	1 638 404
	Cemeteries	499 741	464 806
	Commission	210 618	199 729
	Connection fees	2 919 116	1 569 472
	Fire brigade fees	150 887	81 085
	Insurance claims	2 258 120	3 658 718
	Interest Received - Bank Account	2 956 374	2 609 489
	Photo copies	71 764	88 518
	Planning application fees	421 745	498 940
	Re-connection fees	558 984	101 299
	Valuation certificates	136 370	150 561
	Contributed assets	-	72 330
	Sundry income	4 032 477	4 347 471
		<hr/>	<hr/>
	Total Other Income	18 733 747	16 427 932
		<hr/>	<hr/>
	Balance previously reported		16 427 612
	Correction of error - Refer to note 39.27		320
			<hr/>
	Restated balance		16 427 932
			<hr/>

EMPLOYEE RELATED COSTS

	2017 R	2016 R
Salaries and Wages	101 507 424	94 718 914
Bonus	7 940 640	7 590 089
Contributions for UIF, pensions and medical aids	23 010 101	21 253 078
Group Life Insurance	263 621	293 566
Housing Subsidy	1 685 317	1 635 580
Leave Reserve Fund	3 716 772	3 707 414
Long service awards	829 256	808 271
Overtime	6 479 803	5 643 572
Post Employment Health	2 434 406	2 461 107
Travel, motor car, telephone, assistance and other allowances	10 606 235	10 018 754
	158 473 575	148 130 345
Less: Employee Costs allocated elsewhere	-	-
Total Employee Related Costs	158 473 575	148 130 345
Balance previously reported		146 026 534
Corretion of Error - Refer to note 39.16		2 103 811
Restated balance		148 130 345

KEY MANAGEMENT PERSONNEL

The Municipal Manager is appointed on a 5-year fixed term contract, the other 5 directors are appointed on a permanent basis. There are no post-employment or termination benefits payable to them at the end of the contract period.

REMUNERATION OF KEY MANAGEMENT PERSONNEL**Remuneration of the Municipal Manager: Mr S A Mokweni**

Annual Remuneration	1 351 335	1 269 663
Performance Bonuses	80 310	75 056
Car Allowance	108 000	108 000
Contributions to Medical and Pension Funds	243 240	228 539
Total	1 782 885	1 681 259

Remuneration of the Director Corporate Services: Mr A W J Everson

Annual Remuneration	1 024 561	1 024 561
Performance Bonuses	53 299	62 266
Payment in lieu of leave	-	235 747
Car Allowance	95 569	123 500
Contributions to Medical and Pension Funds	184 421	184 421
Total	1 357 851	1 630 495

Remuneration of the Director Financial Services: Mr C F Hoffmann (1 July 2015 to 31 January 2016)

Annual Remuneration	-	643 551
Performance Bonuses	26 650	62 266
Payment in lieu of leave	-	5 125
Contributions to Medical and Pension Funds	-	133 730
Total	26 650	844 672

Remuneration of the Director Financial Services: Mr B Brown (1 April 2016 to 30 June 2016)

Annual Remuneration	1 044 535	245 921
Performance Bonuses	12 327	-
Payment in lieu of leave	90 315	-
Acting Allowance (Acting Director Financial Services from 1 February 2016 to 31 March 2016)	-	62 900
Car Allowance	72 000	18 000
Contributions to Medical and Pension Funds	188 016	44 266
Total	1 407 194	371 087

REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUE)		2017	2016
Remuneration of the Director Community Services: Mrs EC Liebenberg (01 February 2016 to 30 June 2016)			
Annual Remuneration		1 023 381	401 053
Performance Bonuses		20 546	-
Car Allowance		69 198	30 000
Other Allowances		12 696	5 290
Contributions to Medical and Pension Funds		211 973	82 591
Total		1 337 794	518 934
Remuneration of the Director Strategy and Social Development: Mrs C O Matthys			
Annual Remuneration		1 031 110	968 428
Performance Bonuses		61 637	57 605
Payment in lieu of leave		60 310	-
Car Allowance		90 000	90 000
Other Allowances		5 995	-
Contributions to Medical and Pension Funds		185 600	174 317
Total		1 434 652	1 290 350
Remuneration of the Director Engineering Services: Mr I A B van der Westhuizen			
Annual Remuneration		1 070 821	1 010 041
Performance Bonuses		61 637	57 605
Car Allowance		3 066	6 977
Other Allowances		5 995	-
Contributions to Medical and Pension Funds		232 823	215 727
Total		1 374 342	1 290 350
		2017	2016
		R	R
REMUNERATION OF COUNCILLORS			
Mayor		820 761	782 480
Deputy Mayor		663 107	528 617
Speaker		598 527	630 878
Mayoral Committee Members (4 councillors)		2 409 807	2 371 912
Councillors (16 councillors)		4 741 461	4 426 287
Total Councillors' Remuneration		9 233 663	8 740 174
In-kind Benefits			
The Executive Mayor; Mayoral committee members and the Speaker are full-time Councillors. The full time councillors are provided with secretarial support and an office at the cost of the Council.			
Remuneration of the Mayor: D Gagiano (1 July 2016 to 10 August 2016)			
Allowance		61 262	528 941
Transport Allowance		13 934	125 927
Cell Phone Allowance		3 189	20 868
Pension Fund		11 946	103 144
Mobile Data Card		399	3 600
Total		90 730	782 480
Remuneration of the Mayor: HM Jansen (11 August 2016 to 30 June 2017)			
Allowance		582 515	-
Transport Allowance		45 000	-
Cell Phone Allowance		25 657	-
Pension Fund		40 292	-
Medical Aid		33 360	-
Mobile Data Card		3 207	-
Total		730 031	-

REMUNERATION OF COUNCILLORS (CONTINUE)

2017

2016

Remuneration of the Deputy Mayor: KI Klaas (1 July 2015 to 5 November 2015)

Allowance	-	147 059
Transport Allowance	-	23 737
Cell Phone Allowance	-	7 242
Pension Fund	-	27 545
Mobile Data Card	-	1 249
Other Allowances	-	10 574

Total

-	217 406
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Remuneration of the Deputy Mayor: WZ Nyamana (26 January 2016 to 10 August 2016)

Allowance	69 721	296 938
Cell Phone Allowance	3 189	12 173
Mobile Data Card	400	2 100

Total

73 310	311 211
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Remuneration of Member of Council: WZ Nyamana (11 August 2016 to 25 September 2016)

Allowance	27 305	-
Transport Allowance	1 245	-
Cell Phone Allowance	2 889	-
Pension Fund	2 556	-
Mobile Data Card	449	-

Total

34 444	-
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Remuneration of Member of Council and Section 79 Chair: WZ Nyamana (26 September 2016 to 30 June 2017)

Allowance	190 849	-
Transport Allowance	13 755	-
Cell Phone Allowance	17 423	-
Pension Fund	37 216	-
Mobile Data Card	2 751	-

261 994**Remuneration of the Deputy Mayor: GD Joubert (11 August 2016 to 30 June 2017)**

Allowance	510 371	-
Transport Allowance	15 001	-
Cell Phone Allowance	25 657	-
Pension Fund	35 561	-
Mobile Data Card	3 207	-

Total

589 797	-
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Remuneration of the Speaker: DA Hull (1 to 5 July 2016)

Allowance	5 887	410 327
Transport Allowance	1 586	116 069
Cell Phone Allowance	395	20 868
Pension Fund	1 148	80 014
Mobile Data Card	49	3 600

Total

9 065	630 878
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Remuneration of Speaker: SW van Eeden (11 Aug 2016 to 30 June 2017)

Allowance	397 504	-
Transport Allowance	85 724	-
Cell Phone Allowance	25 521	-
Pension Fund	77 513	-
Mobile Data Card	3 200	-

Total

589 462	-
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REMUNERATION OF COUNCILLORS (CONTINUE)

	2017	2016
Remuneration of Member of Mayoral Committee: SW van Eeden (1 July 2016 to 10 Aug 2016)		
Allowance	45 762	395 038
Transport Allowance	10 716	96 440
Cell Phone Allowance	2 661	20 868
Pension Fund	8 923	77 032
Mobile Data Card	400	3 600
Total	68 462	592 978
Remuneration of Member of Mayoral Committee: NP Crouwcamp (1 July 2016 to 10 August 2016)		
Allowance	44 573	384 304
Transport Allowance	12 091	109 267
Cell Phone Allowance	2 525	20 868
Pension Fund	8 692	74 939
Mobile Data Card	398	3 600
Total	68 279	592 978
Remuneration of Member of Mayoral Committee: EMJ Scheffers		
Allowance	412 009	393 778
Transport Allowance	48 121	50 073
Cell Phone Allowance	22 800	20 868
Pension Fund	80 342	76 787
Medical Aid	49 824	47 872
Mobile Data Card	3 600	3 600
Total	616 696	592 978
Remuneration of Member of Mayoral Committee: RR Kortje (1 to 5 July 2016)		
Allowance	5 873	410 469
Transport Allowance	1 066	78 000
Cell Phone Allowance	312	20 868
Pension Fund	1 145	80 041
Mobile Data Card	49	3 600
Total	8 445	592 978
Remuneration of Member of Mayoral Committee: SW Strauss (11 August 2016 to 30 June 2017)		
Allowance	504 705	-
Transport Allowance	8 000	-
Cell Phone Allowance	20 312	-
Pension Fund	13 170	-
Mobile Data Card	3 207	-
Total	549 394	-
Remuneration of Member of Council: J Kriel (1 July 2015 to 31 August 2015 and 11 August 2016 to 25 September 2016)		
Allowance	25 586	28 640
Transport Allowance	5 451	7 284
Cell Phone Allowance	2 844	3 478
Mobile Data Card	449	600
Total	34 330	40 002
Remuneration of Member of Council and Section 79 Chair: J Kriel (1 September 2015 to 10 August 2016 and 26 September 2016 to 30 June 2017)		
Allowance	238 654	210 081
Transport Allowance	38 255	36 423
Cell Phone Allowance	19 956	17 390
Mobile Data Card	3 151	3 000
Total	300 016	266 894

REMUNERATION OF COUNCILLORS (CONTINUE)

2017

2016

Remuneration of Member of Council and Section 79 Chair: TS De Koker (1 July 2015 to 31 August 2015)

Allowance	-	32 772
Transport Allowance	-	6 940
Cell Phone Allowance	-	3 478
Pension Fund	-	6 391
Mobile Data Card	-	600
Total	-	50 181

Remuneration of Member of Council: TS De Koker (1 September 2015 to June 2016 and 1 July 2016 to 10 August 2016)

Allowance	22 956	175 706
Transport Allowance	182	1 369
Cell Phone Allowance	2 230	1 330
Pension Fund	4 476	34 262
Mobile Data Card	399	1 500
Total	30 243	214 167

Remuneration of Member of Council and Section 79 Chair: E Turner (1 July 2016 to 10 August 2016)

Allowance	30 221	249 510
Transport Allowance	4 836	43 707
Cell Phone Allowance	2 525	20 868
Mobile Data Card	399	3 600
Total	37 981	317 685

Remuneration of Member of Council and Section 79 Chair: JDF Van Zyl (1 July 2016 to 10 August 2016)

Allowance	26 023	215 415
Transport Allowance	3 977	35 796
Cell Phone Allowance	2 533	20 868
Pension Fund	5 075	42 006
Mobile Data Card	400	3 600
Total	38 008	317 685

Remuneration of Member of Council: JDF Van Zyl (11 August 2016 to 30 June 2017)

Allowance	157 247	-
Transport Allowance	31 818	-
Cell Phone Allowance	20 267	-
Pension Fund	30 663	-
Mobile Data Card	3 200	-
Total	243 195	-

Remuneration of Member of Council: NJ Mgoqi (1 July 2016 to 10 August 2016)

Allowance	19 335	156 350
Transport Allowance	4 608	41 643
Cell Phone Allowance	2 525	20 868
Pension Fund	3 373	30 488
Mobile Data Card	399	3 600
Total	30 240	252 949

Remuneration of Member of Mayoral Committee: DB Janse (11 August 2016 to 30 June 2017)

Allowance	408 681	-
Transport Allowance	37 419	-
Cell Phone Allowance	20 267	-
Pension Fund	79 692	-
Mobile Data Card	3 200	-
Other Allowances	-	-
Total	549 259	-

Remuneration of Member of Council and Section 79 Chair: DB Janse (1 July 2016 to 10 August 2016)

Allowance	25 439	210 143
Transport Allowance	4 677	42 096
Cell Phone Allowance	2 533	20 868
Pension Fund	4 961	40 978
Mobile Data Card	400	3 600
Total	38 010	317 685

REMUNERATION OF COUNCILLORS (CONTINUE)

	2017	2016
Remuneration of Member of Council: R Johnson (1 July 2016 to 10 August 2016)		
Allowance	19 335	156 350
Transport Allowance	4 608	41 643
Cell Phone Allowance	2 525	20 868
Pension Fund	3 373	30 488
Mobile Data Card	399	3 600
Total	30 240	252 949
Remuneration of Member of Council: EJ Vollenhoven (1 July 2016 to 10 August 2016)		
Allowance	19 911	161 548
Transport Allowance	3 921	35 431
Cell Phone Allowance	2 525	20 868
Pension Fund	3 485	31 502
Mobile Data Card	399	3 600
Other Allowances		-
Total	30 241	252 949
Remuneration of Member of Council and Section 79 Chair: CJ Grootboom (1 July 2016 to 10 August 2016)		
Allowance	27 792	231 390
Transport Allowance	1 856	16 706
Cell Phone Allowance	2 533	20 868
Pension Fund	5 420	45 121
Mobile Data Card	400	3 600
Total	38 001	317 685
Remuneration of Member of Council: CJ Grootboom (11 August 2016 to 30 June 2017)		
Allowance	171 478	-
Transport Allowance	14 850	-
Cell Phone Allowance	20 267	-
Pension Fund	33 438	-
Mobile Data Card	3 200	-
Total	243 233	-
Remuneration of Member of Council: CB Swanepoel (1 July 2016 to 10 August 2016)		
Allowance	23 194	191 197
Cell Phone Allowance	2 525	20 868
Pension Fund	4 126	37 284
Mobile Data Card	398	3 600
Total	30 243	252 949
Remuneration of Member of Council: WS Nyamana (1 July 2016 to 10 August 2016)		
Allowance	19 300	156 029
Transport Allowance	4 466	40 363
Cell Phone Allowance	2 525	20 868
Pension Fund	3 367	30 426
Mobile Data Card	398	3 600
Other Allowances	184	1 663
Total	30 240	252 949
Remuneration of Member of Council and Section 79 Chair: JD Burger (1 July 2016 to 10 August 2016)		
Allowance	26 032	215 495
Transport Allowance	3 967	35 700
Cell Phone Allowance	2 533	20 868
Pension Fund	5 076	42 022
Mobile Data Card	400	3 600
Total	38 008	317 685

Remuneration of Member of Mayoral Committee: JD Burger (11 August to 30 June 2017)

Allowance	413 449	-
Transport Allowance	31 734	-
Cell Phone Allowance	20 267	-
Pension Fund	80 622	-
Mobile Data Card	3 200	-
Total	549 272	-

Remuneration of Member of Council: HC De Koker (1 July 2016 to 10 August 2016)

Allowance	19 144	154 623
Transport Allowance	4 836	43 707
Cell Phone Allowance	2 525	20 868
Pension Fund	3 336	30 151
Mobile Data Card	399	3 600
Total	30 240	252 949

Remuneration of Member of Council: JP Goodwin (1 July 2016 to 10 August 2016)

Allowance	20 414	166 093
Transport Allowance	3 320	30 000
Cell Phone Allowance	2 525	20 868
Pension Fund	3 584	32 388
Mobile Data Card	398	3 600
Total	30 241	252 949

Remuneration of Member of Council: AJ Shibili

Allowance	198 096	191 197
Transport Allowance	10 000	-
Cell Phone Allowance	22 800	20 868
Pension Fund	38 629	37 283
Mobile Data Card	3 600	3 600
Total	273 125	252 948

Remuneration of Member of Council: B Fanele (22 July 2015 to 30 June 2016 and 1 July 2016 to 10 August 2016)

Allowance	23 194	187 934
Cell Phone Allowance	2 525	19 701
Pension Fund	4 126	31 993
Mobile Data Card	398	3 399
Total	30 243	243 027

Remuneration of Member of Council: P Hess (11 August 2016 to 25 September 2016)

Allowance	27 649	-
Transport Allowance	833	-
Cell Phone Allowance	2 895	-
Pension Fund	2 623	-
Mobile Data Card	457	-
Total	34 457	-

Remuneration of Member of Council and Section 79 Chair: P Hess (26 September 2016 to 30 June 2017)

Allowance	194 587	-
Transport Allowance	9 167	-
Cell Phone Allowance	17 417	-
Pension Fund	38 060	-
Mobile Data Card	2 750	-
Total	261 981	-

Remuneration of Member of Council: SJ Malgas (11 August 2016 to 25 September 2016)

Allowance	27 649	-
Transport Allowance	833	-
Cell Phone Allowance	2 895	-
Pension Fund	2 623	-
Mobile Data Card	457	-
Total	34 457	-

REMUNERATION OF COUNCILLORS (CONTINUE)

	2017	2016
Remuneration of Member of Council and Section 79 Chair: SJ Malgas (26 September 2016 to 30 June 2017)		
Allowance	194 587	-
Transport Allowance	9 167	-
Cell Phone Allowance	17 417	-
Pension Fund	38 060	-
Mobile Data Card	2 750	-
Other Allowances	-	-
Total	261 981	-
Remuneration of Member of Council: NJ Beginsel (11 August 2016 to 25 September 2016)		
Allowance	31 094	-
Cell Phone Allowance	2 895	-
Mobile Data Card	457	-
Total	34 446	-
Remuneration of Member of Council and Section 79 Chair: NJ Beginsel (26 September 2016 to 30 June 2017)		
Allowance	241 812	-
Cell Phone Allowance	17 416	-
Mobile Data Card	2 750	-
Total	261 978	-
Remuneration of Member of Council: LM Swanepoel (11 August 2016 to 25 September 2016)		
Allowance	31 094	-
Cell Phone Allowance	2 895	-
Mobile Data Card	457	-
Total	34 446	-
Remuneration of Member of Council and Section 79: LM Swanepoel (26 September 2016 to 30 June 2017)		
Allowance	234 448	-
Cell Phone Allowance	17 416	-
Pension Fund	7 364	-
Mobile Data Card	2 750	-
Total	261 978	-
Remuneration of Member of Council: AS Mbi (11 August 2016 to 30 June 2017)		
Allowance	165 303	-
Transport Allowance	5 500	-
Cell Phone Allowance	20 311	-
Pension Fund	29 466	-
Medical Aid	19 530	-
Mobile Data Card	3 207	-
Total	243 317	-
Remuneration of Member of Council: JS Mafilika (11 August 2016 to 30 June 2017)		
Allowance	189 749	-
Cell Phone Allowance	20 312	-
Pension Fund	27 899	-
Mobile Data Card	3 207	-
Other Allowances	2 151	-
Total	243 318	-
Remuneration of Member of Council: TM van der Merwe (11 August 2016 to 30 June 2017)		
Allowance	219 799	-
Cell Phone Allowance	20 312	-
Mobile Data Card	3 207	-
Total	243 318	-
Remuneration of Member of Council: E Bosjan (11 August 2016 to 30 June 2017)		
Allowance	173 697	-
Transport Allowance	15 000	-
Cell Phone Allowance	20 311	-
Pension Fund	31 103	-
Mobile Data Card	3 207	-
Total	243 318	-

30	REMUNERATION OF COUNCILLORS (CONTINUE)	2017	2016
	<i>Remuneration of Member of Council: BH Nteta (11 August 2016 to 30 June 2017)</i>		
	Allowance	189 604	-
	Cell Phone Allowance	20 312	-
	Pension Fund	30 195	-
	Mobile Data Card	3 207	-
	Total	243 318	-
	<i>Remuneration of Member of Council: JJJS Januarie (11 August 2016 to 30 June 2017)</i>		
	Allowance	177 881	-
	Transport Allowance	10 000	-
	Cell Phone Allowance	20 312	-
	Pension Fund	31 918	-
	Mobile Data Card	3 207	-
	Total	243 318	-
	<i>Remuneration of Member of Council: S du Plessis (11 August 2016 to 30 June 2017)</i>		
	Allowance	198 478	-
	Transport Allowance	7 500	-
	Cell Phone Allowance	20 312	-
	Pension Fund	13 821	-
	Mobile Data Card	3 207	-
	Total	243 318	-
31	BAD DEBTS WRITTEN OFF	2017	2016
	Long term Receivables - Note 19	-	-
	Trade Receivables from exchange transactions - Note 21	6 449 943	11 368 657
	Trade Receivables from non-exchange transactions - Note 22	15 795 022	16 240 044
		22 244 965	27 608 700
	Balance previously reported		-
	Correction of error- Refer to the following notes 39.17		27 608 700
	Restated balance		27 608 700
32	DEBT IMPAIRMENT / (IMPAIRMENT REVERSAL)		
	Long term Receivables - Note 19	(2 320 333)	1 137 297
	Trade Receivables from exchange transactions - Note 21	(344 898)	(129 013)
	Trade Receivables from non-exchange transactions - Note 22	(7 012 055)	1 495 406
	Total Contribution to Debt Impairment	(9 677 286)	2 503 690
	Less: portion Relating to VAT - note 12	281 486	(314 252)
	Total Debt Impairment	(9 395 800)	2 189 438
	Balance previously reported		30 410 351
	Correction of error- Refer to the following notes 39.18		(16 253 713)
	Restated balance		14 156 638
33	DEPRECIATION AND AMORTISATION		
	Property Plant and Equipment	22 950 493	20 467 240
	Capitalised Restoration Cost	3 427 522	10 091 628
	Investment Property	49 582	49 717
	Intangible Assets	54 182	52 301
		26 481 779	30 660 887
	Balance previously reported		30 979 535
	Depreciation charges on assets incorrectly calculated - Refer to note 39.19		(318 649)
	Restated balance		30 660 887
34	IMPAIRMENTS		
	Property, Plant and Equipment Refer to note 13	283 314	508 397
	Heritage Assets Refer to note 16	-	-
	Capitalised Restoration Cost Refer to note 17	-	-
	Total Impairments	283 314	508 397

35	FINANCE CHARGES		
	Landfill site	3 615 817	3 279 513
	Long service awards	756 268	683 442
	Long-term Liabilities	2 857 697	2 872 867
	Post Employment Health	4 695 585	4 601 451
	Total finance charges	11 925 367	11 437 273
	Balance previously reported		11 429 475
	Correction of error - Refer to note 39.20		7 797
	Restated balance		11 437 273
36	BULK PURCHASES		
	Electricity	267 478 328	238 434 975
	Water	3 257 419	3 596 989
	Total Bulk Purchases	270 735 747	242 031 964
37	GRANTS AND SUBSIDIES		
	Destitute Grants	132 500	749 000
	Total Grants and Subsidies	132 500	749 000
38	GENERAL EXPENSES	2017 R	2016 R
	Advertisement Cost	754 543	911 867
	Audit fees	2 998 070	2 559 979
	Bank charges	877 793	752 501
	Bursaries - Internal	118 970	54 294
	Cell phone	501 948	499 145
	Chemicals	4 488 003	5 343 137
	Computer services	2 193 102	1 782 152
	Connections	466 355	413 530
	Data lines	2 044 403	3 021 080
	Delegation Fees	368 931	295 533
	Fuel	6 611 451	6 564 694
	Insurance (Premiums & Claims cost)	2 501 428	3 601 656
	IoD Insurance	1 323 270	1 237 326
	Membership fees	1 690 382	1 654 040
	Postage	995 918	681 258
	Printing & Stationary	1 686 410	1 371 325
	Professional Services	7 952 378	10 695 132
	Protective Clothing	954 943	870 482
	Refuse bags	735 316	689 216
	Rehabilitation	631 004	722 825
	Rent paid	1 107 569	50 301
	Skills Development Levy	1 339 174	1 376 182
	Tourism Marketing	1 218 559	966 444
	Training cost	1 108 230	927 090
	Transfer cost	294 294	313 499
	Valuation cost	157 318	934 647
	Vehicle licences	411 416	359 163
	Other	4 906 339	5 825 246
	Total General Expenses	50 437 516	54 473 742
	Balance previously reported		53 329 859
	Correction of error - Refer to note 39.23		2 086 472
	Restated balance		55 416 330

39

CORRECTION OF ERROR IN TERMS OF GRAP 3

39.1 NET ASSETS (ACCUMULATED SURPLUS/(DEFICIT))

Balance previously reported	471 635 748
Correction of Long-term Receivables - credit amount	77
Correction of Cash and Cash Equivalents (prior 2015/2016) - clearing of old outstanding deposits	(2 300)
Correction of Cash and Cash Equivalents (prior 2015/2016) - clearing of old outstanding deposits	(6 053)
Correction of Cash and Cash Equivalents (prior 2015/2016) - clearing of old outstanding deposits	(277)
Correction of Cash and Cash Equivalents (2015/2016) - clearing of old outstanding deposits	(21 564)
Correction of Cash and Cash Equivalents (2015/2016) - clearing of old outstanding deposits	(49 501)
Correction of Receivables from Non-Exchange Transactions	(820)
Correction to Payables from Exchange Transactions	25 793
Correction of Depreciation wrongly raised on Land Erf 892 McGregor (prior 2015/2016)	9 244
Derecognition of Clinics transfer at Cost - not the Municipality's assets (prior 2015/2016)	(2 380 263)
Derecognition of Clinics transfer Accumulated depreciation - not the Municipality's assets (prior 2015/2016)	448 875
Derecognition of items on wrongly classified as PPE at Cost (prior 2015/2016)	(4 603 223)
Derecognition of items on wrongly classified as PPE at Accumulated Depreciation (prior 2015/2016)	1 314 420
Expenditure relates to maintenance and was wrongly capitalised - derecognise Cost of PPE (prior 2015/2016)	(3 951 789)
Expenditure relates to maintenance and was wrongly capitalised - derecognise Accumulated surplus of PPE (prior 2015/2016)	1 241 371
Correction of accrual on Workmen's Compensation Commissioner (prior 2015/2016)	1 310 746
Derecognise Cost of Intangible assets no longer in use or existence (prior 2015/2016)	(1 976 763)
Derecognise Accumulated Depreciation Intangible assets no longer in use or existence (prior 2015/2016)	1 768 960
Recognise Accumulated Depreciation of Cell phones on finance leases (prior 2015/2016)	(33 443)
Recognition of redemption for Cell phone leases previously omitted (prior 2015/2016)	31 523
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	3 709 105
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(678 226)
Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	565 505
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(165 547)
Derecognition of WIP asset 7348 as it is maintenance expenditure (prior 2015/2016)	(101 220)
Derecognition of assets due to it being maintenance expenditure (prior 2015/2016)	(114 450)
Correction to contribution to leave provision calculated incorrectly previously (Prior 2015/2016)	(282 490)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions	(33 391)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	206 857
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions	9 236 590
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (Traffic Fines) (prior 2015/2016)	(9 236 590)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (prior 2015/2016)	(2 233 287)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (prior 2015/2016)	3 742 674
Derecognition of assets at Cost as it is maintenance expenditure and not PPE (prior 2015/2016)	(218 669)
Derecognition of assets Accumulated Surplus as it is maintenance expenditure and not PPE (prior 2015/2016)	142 820
Adjustment to compost inventory as there is stock an cost not previously taken into account (prior 2015/2016)	196 872
Recognition of Land (Erf 305) Ashton not previously recognised (prior 2015/2016)	783 000
Reversal of Depreciation wrongly raised on Land (Erf 1237) (prior 2015/2016)	7 397
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	1 136 410
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(509 176)
Derecognition of Assets at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	(700 773)
Derecognition of Accumulated Depreciation at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	423 518
Correction of Depreciation on Finance Lease asset 6432 - Calculated over 48 months instead of 36 months (prior 2015/2016)	(21 223)
Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	192 898
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(59 440)
Recognition of Grant revenue against Unspent Grants not previously recognised that should have been (prior 2015/2016)	1 348 525

Restated Balance as at 01 July 2015

472 098 449

39.2 LONG TERM LIABILITIES

Balance previously reported	26 824 640
Recognition of finance leases for Cell phones previously omitted (prior 2015/2016)	89 877
Recognition of finance leases for Cell phones previously omitted (2015/2016)	82 534
Recognition of redemption for Cell phone leases previously omitted (prior 2015/2016)	(31 523)
Recognition of redemption for Cell phone leases previously omitted (2015/2016)	(65 219)
Restated Balance as at 30 June 2016	26 900 310

Correction of error - Refer to note 3

39.3 CURRENT EMPLOYEE BENEFITS

Balance previously reported	13 537 424
Correction to contribution to leave provision calculated incorrectly previously (Prior 2015/2016)	282 490
Correction to contribution to leave provision calculated incorrectly previously (2015/2016)	104 708
Restated Balance as at 30 June 2016	13 924 622

Correction of error - Refer to note 7

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CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES**39.4 PAYABLES FROM EXCHANGE TRANSACTIONS**

Balance previously reported	68 596 209
Sundry Creditors written off (before 2014/2015)	(27 174)
Trade Payables - accruals wrongly raised (before 2014/2015)	(22 163)
Trade Payables - accruals wrongly raised (before 2015/2016)	1 470
Retentions and guarantees correction (before 2014/2015)	(1 638)
Sundry Deposits correction	1 980
Accrual for Compensation Commissioner raised incorrectly (prior 2015/2016)	(1 206 182)
Payable not raised at year end 30 June 2016	562 012
Restated Balance as at 30 June 2016	67 904 514

Correction of error - Refer to note 9

39.5 UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Balance previously reported	9 582 308
Recognition of Grant revenue against Unspent Grants not previously recognised that should have been (prior 2015/2016)	(1 348 525)
Restated Balance as at 30 June 2016	8 233 783

39.6 PROPERTY, PLANT AND EQUIPMENT

Balance previously reported	589 190 705
Recognition of Cost of lease assets (cell phones) previously omitted (prior 2015/2016)	89 877
Recognition of Accumulated Depreciation of lease assets (cell phones) previously omitted (prior 2015/2016)	(33 443)
Recognition of Cost of lease assets (cell phones) previously omitted (2015/2016)	82 534
Recognition of Accumulated Depreciation of lease assets (cell phones) previously omitted (2015/2016)	(65 524)
Electrical maintenance expenditure reallocated to Work-in-Progress PPE (2015/2016)	24 379
Expenditure relates to maintenance and was wrongly capitalised - derecognise Cost of PPE (prior 2015/2016)	(3 951 789)
Expenditure relates to maintenance and was wrongly capitalised - derecognise Accumulated surplus of PPE (prior 2015/2016)	1 241 371
Expenditure relates to maintenance and was wrongly capitalised - derecognise Accumulated surplus of PPE (prior 2015/2016)	150 194
Derecognition of items on wrongly classified as PPE at Cost (prior 2015/2016)	(4 603 223)
Derecognition of items on wrongly classified as PPE at Accumulated Depreciation (prior 2015/2016)	1 314 420
Derecognition of items on wrongly classified as PPE at Accumulated Depreciation (2015/2016)	119 953
Correction of Depreciation wrongly raised on Land Erf 892 McGregor (prior 2015/2016)	9 244
Correction of Depreciation wrongly raised on Land Erf 892 McGregor (2015/2016)	489
Correction of Depreciation on Assets 5640, 3356. Depreciation calculated as if assets was complete but it was not.	434
Recognition of Transformers from inventory to Capital Spares (PPE)	47 988
Derecognition of Clinics transfer at Cost - not the Municipality's assets (prior 2015/2016)	(2 380 263)
Derecognition of Clinics transfer Accumulated depreciation - not the Municipality's assets (prior 2015/2016)	448 875
Derecognition of Clinics transfer Accumulated depreciation - not the Municipality's assets (2015/2016)	23 467
Derecognition of WIP asset 7348 as it is maintenance expenditure (prior 2015/2016)	(101 220)
Recognition of Land previously classified as Investment Property (prior 2015/2016)	135 000
Derecognition of assets due to it being maintenance expenditure (prior 2015/2016)	(114 450)
Derecognition of Project not materialised (capital) and material now used for maintenance (2015/2016)	(638 949)
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	3 709 105
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	59 445
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(678 226)
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	(41 562)
Correction of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	565 505
Correction of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	10 516
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(165 547)
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	(19 207)
Derecognition of assets at Cost as it is maintenance expenditure and not PPE (prior 2015/2016)	(218 669)
Derecognition of assets Accumulated Surplus as it is maintenance expenditure and not PPE (prior 2015/2016)	142 820
Derecognition of assets Accumulated Surplus as it is maintenance expenditure and not PPE (2015/2016)	7 626
Recognition of Land (Erf 305) Ashton not previously recognised (prior 2015/2016)	783 000
Reversal of Depreciation wrongly raised on Land (Erf 1237) (prior 2015/2016)	7 397
Reversal of Depreciation wrongly raised on Land (Erf 1237) (2015/2016)	3 708
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	1 136 410
Reversal of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	4 629
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(509 176)
Recalculation of Depreciation on Infrastructure Assets after the useful lives were corrected according to accounting policy (2015/2016)	(12 757)
Derecognition of Assets at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	(700 773)
Derecognition of Accumulated Depreciation at Cost due to it being expenditure of nature and not in existence anymore (prior 2015/2016)	423 518
Derecognition of Accumulated Depreciation at Cost due to it being expenditure of nature and not in existence anymore (2015/2016)	9 643
Correction of Depreciation on Finance Lease asset 6432 - Calculated over 48 months instead of 36 months (prior 2015/2016)	(21 223)
Correction of Depreciation on Finance Lease asset 6432 - Calculated over 48 months instead of 36 months (2015/2016)	(10 422)
Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	192 898
Reversal of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	11 652
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (prior 2015/2016)	(59 440)
Recalculation of Depreciation on Movable Assets after the useful lives were corrected according to accounting policy (2015/2016)	(9 395)
Restated Balance as at 30 June 2016	585 611 542

Correction of error - Refer to note 13

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES

39.7 INVESTMENT PROPERTY

Balance previously reported	27 290 366
Land of the Thusong Centre (PPE) also transferred to PPE	(135 000)
Restated Balance as at 30 June 2016	27 155 366

Correction of error - Refer to note 14

39.8 INTANGIBLE ASSETS

Balance previously reported	342 371
Derecognise Cost of Intangible assets no longer in use or existence (prior 2015/2016)	(1 976 763)
Derecognise Accumulated Depreciation Intangible assets no longer in use or existence (prior 2015/2016)	1 768 960
Derecognise Accumulated Depreciation Intangible assets no longer in use or existence (2015/2016)	75 760
Restated Balance as at 30 June 2016	210 328

Correction of error - Refer to note 15

39.9 LONG-TERM RECEIVABLES

Balance previously reported	881 146
Reallocation of credit amount out of receivables	77
Restated Balance as at 30 June 2016	881 223

39.10 INVENTORY

Balance previously reported	18 177 844
Inventory reclassified as capital spares	(47 988)
Adjustment to compost inventory as there is stock an cost not previously taken into account (prior 2015/2016)	196 872
Adjustment to compost inventory as there is stock an cost not previously taken into account (2015/2016)	(126 600)
Restated Balance as at 30 June 2016	18 200 128

Correction of error - Refer to note 20

39.11 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Balance previously reported	41 829 874
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (prior 2015/2016)	(2 487 247)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (prior 2015/2016)	4 216 959
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (2015/2016)	(12 648 360)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (2015/2016)	13 305 114
Restated Balance as at 30 June 2016	44 216 339

Correction of error - Refer to note 22

39.12 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Balance previously reported	5 397 777
Corrections (2015/2016)	950
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Other than Traffic Fines) (prior 2015/2016)	(33 391)
Reducing Allowance for Debt Impairment due to overstatement Non- Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	215 168
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Other than Traffic Fines) (2015/2016)	(433 094)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	449 095
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Traffic Fines) (prior 2015/2016)	9 236 590
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (Traffic Fines) (prior 2015/2016)	(9 236 590)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Other than Traffic Fines) (2015/2016)	15 806 950
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Traffic Fines) (prior 2015/2016)	(15 806 950)
Restated Balance as at 30 June 2016	5 596 506

Correction of error - Refer to note 22

39.13 OPERATING LEASE ASSET

Balance previously reported	88 941
Operating lease contracts omitted in 2015/2016	2 891
Restated Balance as at 30 June 2016	91 832

Correction of error - Refer to note 23

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 CONTINUES

39.14 TAXES

Balance previously reported	631 385
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (prior 2015/2016)	253 960
Reducing Allowance for Debt Impairment due to overstatement Non- Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	(8 312)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (prior 2015/2016)	(474 286)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)(prior 2015/2016)	(2 332)
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions (2015/2016)	1 279 704
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions (2015/2016)	(1 337 913)
Restated Balance as at 30 June 2016	(289 180)
Correction of error - Refer to note 12	

39.15 CASH AND CASH EQUIVALENTS

Balance previously reported	103 610 078
Clearing of old deposits outstanding on Traffic Bank account (prior 2015/2016)	(2 300)
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	(29 014)
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	(6 331)
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	2 000
Clearing of old deposits outstanding on Primary Bank account (prior 2015/2016)	(49 501)
Clearing of old deposits outstanding on Primary Bank account (2015/2016)	(429 195)
Clearing of old deposits outstanding on Primary Bank account (2015/2016)	(7 478)
Restated Balance as at 30 June 2016	103 088 259

39.16 EMPLOYEE RELATED COSTS

Balance previously reported	146 026 534
Reclassification of expenditure from Repairs and Maintenance to Employee related cost according to the nature of the expense	1 056 515
Expenditure wrongly classified as per function and not nature (previously other expenditure)	942 588
Correction to contribution to leave provision calculated incorrectly previously (2015/2016)	104 708
Restated Balance as at 30 June 2016	148 130 345
Correction of Error Refer to Statement of Financial Performance	

39.17 BAD DEBTS WRITTEN OFF

Balance previously reported	-
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (other than Traffic Fines)	433 094
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Non-Exchange transactions (Traffic Fines)	15 806 950
Bad Debts written off was never taken to profit/loss but offset against impairment allowance - Receivables from Exchange transactions	11 368 657
Restated Balance as at 30 June 2016	27 608 700
Correction of Error Refer to Statement of Financial Performance	

39.18 DEBT IMPAIRMENT

Balance previously reported	30 410 351
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions (Other than Traffic Fines)	(446 763)
Reducing Allowance for Debt Impairment due to overstatement Non-Exchange transactions - Traffic Fines	(15 806 950)
Reducing Allowance for Debt Impairment due to overstatement Exchange transactions	(11 967 200)
Restated Balance as at 30 June 2016	2 189 438
Correction of Error Refer to Statement of Financial Performance	

39.19 DEPRECIATION AND AMORTISATION

Balance previously reported	30 979 535
Depreciation charges on assets incorrectly calculated	(318 649)
Restated Balance as at 30 June 2016	30 660 887
Correction of error - Refer to note 33	

39.20 FINANCE CHARGES

Balance previously reported	11 429 475
Finance charges finance leases omitted in 2014/2015 iro cell phone contracts	7 797
Restated Balance as at 30 June 2016	11 437 273
Correction of Error Refer to Statement of Financial Performance	

39 CORRECTION OF ERROR IN TERMS OF GRAP 3 (CONTINUE)

39.21 REPAIRS AND MAINTENANCE

Balance previously reported	18 136 914
Electrical maintenance expenditure reallocated to Work-in-Progress PPE (2015/2016)	(24 379)
Expenditure on Motor vehicle licences reallocated from Repairs and maintenance (function not nature)	(359 163)
Derecognition of Project not materialised (capital) and material now used for maintenance (2015/2016)	273 391
Reclassification of expenditure from Repairs and Maintenance to Contracted Services according to the nature of the expense	(7 813 353)
Reclassification of expenditure from Repairs and Maintenance to General Expenses according to the nature of the expense	(313 404)
Reclassification of expenditure from Repairs and Maintenance to Employee related cost according to the nature of the expense	(1 056 515)
Restated Balance as at 30 June 2016	8 843 492

MATERIAL

Balance previously reported	-
Repairs and Maintenance remainder of expenditure has now been reclassified as material	8 843 492
Restated Balance as at 30 June 2016	8 843 492

Correction of Error Refer to Statement of Financial Performance

39.22 CONTRACTED SERVICES

Balance previously reported	2 183 363
Reclassification of expenditure from Repairs and Maintenance to Contracted Services according to the nature of the expense	7 813 353
Restated Balance as at 30 June 2016	9 996 716

Correction of Error Refer to Statement of Financial Performance

39.23 GENERAL EXPENSES

Balance previously reported	53 329 859
Expenditure wrongly classified as per function and not nature (previously other expenditure)	(942 588)
Correction of expenditure on Drivers licence cards wrongly offset against an income vote.	328 187
Adjustment to the Compensation commissioner expenses	104 565
Expenditure on Motor vehicle licences reallocated from Repairs and maintenance (function not nature)	359 163
Reclassification of expenditure from Repairs and Maintenance to General Expenses according to the nature of the expense	313 404
Payable not raised at year end 30 June 2016	562 012
Payments on Finance Leases for cell phone contracts reallocated from expenditure	(73 016)
Derecognition of Project not materialised (capital) and material now used for maintenance (2015/2016)	365 558
Adjustment to compost inventory as there is stock an cost not previously taken into account (2015/2016)	126 600
Restated Balance as at 30 June 2016	54 473 743

Correction of error - Refer to note 38

39.24 SERVICE CHARGES

Balance previously reported	375 228 931
Syntel duplicate corrections	(418 941)
Restated Balance as at 30 June 2016	374 809 991

Correction of error - Refer to note 27

39.25 RENTAL OF FACILITIES AND EQUIPMENT

Balance previously reported	2 623 754
Operating lease contracts omitted in 2015/2016	2 891
Restated Balance as at 30 June 2016	2 626 645

Correction of Error Refer to Statement of Financial Performance

39.26 LICENCES AND PERMITS

Balance previously reported	1 169 318
Correction of expenditure on Drivers licence cards wrongly offset against an income vote.	328 187
Restated Balance as at 30 June 2016	1 497 505

Correction of Error Refer to Statement of Financial Performance

39.27 OTHER INCOME

Balance previously reported	16 427 612
Correction to Sundry Income	320
Restated Balance as at 30 June 2016	16 427 932

Correction of Error Refer to Note 28

	2017	2016
40 RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS		
Surplus/(Deficit) for the year	76 466 331	53 074 953
Adjustments for:		
Depreciation/Amortisation	26 481 779	30 660 887
Loss on disposal of property, plant and equipment	285 545	1 566 609
Contributed Assets	-	(138 169)
(Gains) on disposal of property, plant and equipment	(597 224)	(3 529 288)
Fair Value Adjustments	(1 918)	276
Impairment Loss	283 314	508 397
Impairment (Reversals)	-	-
Contributions to Non-Current Provisions	12 379 740	10 589 278
Debt Impairment	(9 395 800)	2 189 438
Actuarial (Gains)	(5 177 099)	(6 741 931)
Unamortised discount	19 964	51 903
Bad Debts Written Off	22 244 965	27 608 700
Finance charges	(26 148)	19 257
Operating lease income accrued	(16 605)	(15 571)
Operating Surplus/(Deficit) before changes in working capital	122 946 846	115 844 740
Changes in working capital	(57 988 767)	(23 179 700)
Increase/(Decrease) in Payables from exchange transactions	3 088 122	12 352 515
Increase/(Decrease) in Employee benefits	(2 093 508)	(590 120)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	(5 055 891)	(274 813)
Increase/(Decrease) in Taxes	(1 467 042)	(535 849)
(Increase)/Decrease in Inventory	(34 460 624)	404 277
(Increase)/Decrease in Receivables from exchange and non-exchange transactions	(20 440 749)	(34 009 225)
Decrease/(Increase) in Long-term Receivables	2 440 924	(526 486)
(Increase)/Decrease in Unpaid Conditional Government Grants and Receipts	-	-
Cash generated/(absorbed) by operations	64 958 079	92 665 040
41 CASH AND CASH EQUIVALENTS	2017	2016
Cash and cash equivalents included in the cash flow statement comprise the following:		
Call Investments Deposits - Note 24	95 083 394	90 015 287
Cash Floats - Note 24	10 610	9 110
Bank - Note 24	20 010 635	13 063 862
Total cash and cash equivalents	115 104 639	103 088 259
42 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES		
Cash and Cash Equivalents - Note 41	115 104 639	103 088 259
Investments - Note 18	122 821	120 903
	115 227 460	103 209 162
Less:	3 177 892	8 233 783
Unspent Committed Conditional Grants - Note 10	3 177 892	8 233 783
VAT - Note 12	-	-
Resources available for working capital requirements	112 049 568	94 975 379
Allocated to:		
Capital Replacement Reserve	31 353 026	35 245 178
Employee Benefits	16 501 010	15 579 722
Current Provisions	5 547 638	7 303 158
Resources available for working capital requirements	58 647 894	36 847 322

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

43	UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION	2017	2016
	Long-term Liabilities - Note 3	23 674 384	26 900 310
	Used to finance property, plant and equipment - at cost	(23 674 384)	(26 900 310)
		-	-
	Cash set aside for the repayment of long-term liabilities	-	-
	Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

44	BUDGET COMPARISONS	2017	2017	2017	2017
		R	R	R	R
		(Actual)	(Budget)	(Variance)	(%)
44.1	Operational				
	Revenue by source				
	Property Rates	42 685 693	43 804 100	(1 118 407)	-3%
	Government Grants and Subsidies - Capital	24 502 697	25 926 636	(1 423 939)	-5%
	Government Grants and Subsidies - Operating	111 966 176	122 994 309	(11 028 133)	-9%
	Actuarial Gains	5 177 099	8 000 000	(2 822 901)	-35%
	Fair Value Adjustments	1 918	-	1 918	100%
	Availability Fees	2 349 311	3 523 990	(1 174 679)	-33%
	Fines	9 514 508	20 106 940	(10 592 432)	-53%
	Impairment Reversal	9 395 800	-	9 395 800	100%
	Stock Adjustments	3 147	144 180	(141 033)	-98%
	Service Charges	405 781 216	405 381 030	400 186	0%
	Rental of Facilities and Equipment	2 713 779	3 914 070	(1 200 291)	-31%
	Interest Earned - external investments	5 930 563	4 608 860	1 321 703	29%
	Interest Earned - outstanding debtors	2 167 653	2 212 970	(45 317)	-2%
	Licences and Permits	1 502 807	1 839 200	(336 393)	-18%
	Agency Services	3 498 222	4 023 100	(524 878)	-13%
	Other Income	18 733 747	16 460 810	2 272 937	14%
	Unamortised Discount - Interest	72 531	78 210	(5 679)	-7%
	Gain on disposal of Property, Plant and Equipment	597 224	1 200 060	(602 836)	-50%
		646 594 090	664 218 465	(17 624 375)	-3%
	Expenditure by nature				
	Employee related costs	158 473 575	175 135 873	(16 662 298)	-10%
	Remuneration of Councillors	9 233 663	9 471 450	(237 787)	-3%
	Bad Debts Written Off	22 244 965	-	22 244 965	100%
	Debt Impairment	-	31 839 080	(31 839 080)	-100%
	Depreciation and Amortisation	26 481 779	27 598 132	(1 116 353)	-4%
	Collection costs	2 586 398	1 299 750	1 286 648	99%
	Impairments	283 314	-	283 314	100%
	Material	9 434 546	19 935 490	(10 500 944)	-53%
	Actuarial losses	-	8 000 000	(8 000 000)	-100%
	Unamortised Discount - Interest paid	92 495	89 380	3 115	3%
	Finance Charges	11 925 367	11 646 535	278 832	2%
	Bulk Purchases	270 735 747	266 703 750	4 031 997	2%
	Contracted services	7 776 106	2 182 280	5 593 826	256%
	Grants and Subsidies	132 500	134 070	(1 570)	-1%
	Stock Adjustments	4 243	144 180	(139 937)	-97%
	General Expenses	50 437 516	112 673 762	(62 236 246)	-55%
	Loss on disposal of Property, Plant and Equipment	285 545	500 060	(214 515)	-43%
		570 127 759	667 353 792	(97 226 033)	-15%
	Net Surplus for the year	76 466 331	(3 135 327)	79 601 658	-2539%

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Comparison between last approved budget and final budget:

	2017 R	R	R	R	
	(Approved Budget)	(Final Budget)	(Variance)	(%)	Explanation for Variances
Operational					
Revenue by source					
Property Rates	43 804 100	43 804 100	-	0%	
Property rates - penalties & collection charges	-	-	-	0%	
Government Grants and Subsidies - Capital	25 926 636	25 926 636	-	0%	
Government Grants and Subsidies - Operating	122 994 309	122 994 309	-	0%	
Actuarial Gains	8 000 000	8 000 000	-	0%	
Availability Fees	3 523 990	3 523 990	-	0%	
Fair Value Adjustments	-	-	-	0%	
Fines	20 106 940	20 106 940	-	0%	
Impairment Reversal	-	-	-	0%	
Income due to Change in Discount rate	-	-	-	0%	
Stock Adjustments	144 180	144 180	-	0%	
Service Charges	405 381 030	405 381 030	-	0%	
Rental of Facilities and Equipment	3 914 070	3 914 070	-	0%	
Interest Earned - external investments	4 608 860	4 608 860	-	0%	
Interest Earned - outstanding debtors	2 212 970	2 212 970	-	0%	
Licences and Permits	1 839 200	1 839 200	-	0%	
Agency Services	4 023 100	4 023 100	-	0%	
Other Income	16 460 810	16 460 810	-	0%	
Unamortised Discount - Interest	78 210	78 210	-	0%	
Gain on disposal of Property, Plant and Equipment	1 200 060	1 200 060	-	0%	
	664 218 465	664 218 465	-	0%	
Expenditure by nature					
Employee related costs	175 135 873	175 135 873	-	0%	
Remuneration of Councillors	9 471 450	9 471 450	-	0%	
Bad Debts Written Off	-	-	-	0%	
Debt Impairment	31 839 080	31 839 080	-	0%	
Depreciation and Amortisation	27 598 132	27 598 132	-	0%	
Collection costs	1 299 750	1 299 750	-	0%	
Impairments	-	-	-	0%	
Material	19 935 490	19 936 490	-1 000	0%	
Actuarial losses	8 000 000	8 000 000	-	0%	
Unamortised Discount - Interest paid	89 380	89 380	-	0%	
Finance Charges	11 646 535	11 646 535	-	0%	
Bulk Purchases	266 703 750	266 703 750	-	0%	
Contracted services	2 182 280	2 266 280	-84 000	-4%	
Grants and Subsidies	134 070	134 070	-	0%	
Stock Adjustments	144 180	144 180	-	0%	
General Expenses	112 673 762	112 588 762	85 000	0%	
Loss on disposal of Property, Plant and Equipment	500 060	500 060	-	0%	
Fair Value Adjustments	-	-	-	0%	
	667 353 792	667 353 792	-	0%	
Net Surplus for the year	(3 135 327)	(3 135 327)	-	0%	

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017

Comparison between last approved budget and final budget: (CONTINUE)

	2017 R (Actual)	R (Budget)	R (Variance)	R (%)
44.2 Expenditure by Vote				
Community Services	42 083 700	94 219 662	(52 135 962)	-55%
Corporate Services	46 873 139	56 634 205	(9 761 066)	-17%
Engineering Services	405 955 053	423 335 022	(17 379 969)	-4%
Executive & Council	27 654 899	31 238 875	(3 583 976)	-11%
Finance	27 706 785	39 297 596	(11 590 811)	-29%
Strategy & Social Development	19 854 184	22 628 432	(2 774 248)	-12%
	570 127 759	667 353 792	(97 226 033)	-15%

Comparison between last approved budget and final budget:

	2017 R (Approved Budget)	2017 R (Final Budget)	2017 R (Variance)	2017 R (%)	Explanation for Variances
Expenditure by Vote					
Community Services	94 219 662	94 219 662	-	0.00%	
Corporate Services	56 663 705	56 663 705	-	0.00%	
Engineering Services	423 332 022	423 332 022	-	0.00%	
Executive & Council	31 112 375	31 112 375	-	0.00%	
Finance	39 297 596	39 297 596	-	0.00%	
Strategy & Social Development	22 728 432	22 728 432	-	0.00%	
	667 353 792	667 353 792	-	0.00%	

	2017 R (Actual)	2017 R (Budget)	2017 R (Variance)	2017 R (%)
44.3 Capital expenditure by vote				
Community Services	6 848 020	8 915 696	(2 067 676)	-23%
Corporate Services	1 727 470	2 630 000	(902 530)	-34%
Engineering Services	39 577 270	43 913 067	(4 335 797)	-10%
Executive & Council	-	-	-	0%
Finance	-	-	-	0%
Strategy & Social Development	2 686 456	3 200 000	(513 544)	-16%
	50 839 216	58 658 763	(7 819 547)	-13%

Comparison between last approved budget and final budget:

	2017 R (Approved Budget)	2017 R (Final Budget)	2017 R (Variance)	2017 R (%)	2017 R Explanation for Variances
Capital expenditure by vote					
Community Services	8 915 696	8 915 696	-	0%	
Corporate Services	2 630 000	2 630 000	-	0%	
Engineering Services	43 913 067	43 913 067	-	0%	
Executive & Council	-	-	-	0%	
Finance	-	-	-	0%	
Strategy & Social Development	3 200 000	3 200 000	-	0%	
	58 658 763	58 658 763	-	0%	

45	UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED	2017	2016
		R	R
45.1	<u>Unauthorised expenditure</u>		
	Reconciliation of unauthorised expenditure:		
	Opening balance	21 189 492	19 193 663
	Unauthorised expenditure for the year - capital	-	21 189 492
	Unauthorised expenditure for the year - operating	-	-
	Written off by council	(21 189 492)	(19 193 663)
	Transfer to receivables for recovery	-	-
	Unauthorised expenditure awaiting authorisation	<u>-</u>	<u>21 189 492</u>

Unauthorised expenditure on the capital budget are related to the housing internal services of the McGregor Housing project that is part of the municipal infrastructure assets of which it was budgeted under the operating budget.

Incident	Disciplinary steps/criminal proceedings
None	

45.2	<u>Fruitless and wasteful expenditure</u>	2017	2016
		R	R
	Reconciliation of fruitless and wasteful expenditure:		
	Opening balance	24 253	-
	Fruitless and wasteful expenditure for the year	99 551	24 253
	Written off by council/ Investigations and disciplinary hearings concluded	(20 349)	-
	Transfer to receivables for recovery	-	-
	Fruitless and wasteful expenditure awaiting further action	<u>103 455</u>	<u>24 253</u>

45.3	<u>Irregular expenditure</u>		
	Reconciliation of irregular expenditure:		
	Opening balance	481 798	-
	Irregular expenditure for the year	-	481 798
	Written off by council	-	-
	Transfer to receivables for recovery	-	-
	Irregular expenditure awaiting further action	<u>481 798</u>	<u>481 798</u>

45.4	<u>Material Losses</u>	2017	2016
	Water distribution losses		
	- Kilo litres disinfected/purified/purchased	7 359 570	7 679 720
	- Kilo litres lost during distribution	605 350	947 110
	- Percentage lost during distribution	8.23%	12.33%
	Electricity distribution losses		
	- Units purchased (Kwh)	316 277 226	304 476 878
	- Units lost during distribution (Kwh)	18 788 653	20 204 497
	- Percentage lost during distribution	5.94%	6.64%

46	ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT	2017 R	2016 R
46.1	<u>Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS</u>		
	Opening balance	-	-
	Council subscriptions	1 679 418	1 643 170
	Amount paid - current year	(1 679 418)	(1 643 170)
	Amount paid - previous years	-	-
	Balance unpaid (included in creditors)	-	-
46.2	<u>Audit fees - [MFMA 125 (1)(b)]</u>		
	Opening balance	47 524	24 887
	Current year audit fee	2 998 070	2 559 979
	External Audit - Auditor-General	2 856 546	2 484 481
	Audit Committee	141 524	75 497
	Amount paid - current year	(2 973 912)	(2 537 342)
	Amount paid - previous year	(47 524)	-
	Balance unpaid (included in creditors)	24 158	47 524
46.3	<u>VAT - [MFMA 125 (1)(b)]</u>		
	Opening balance	(5 541 783)	(5 358 079)
	Amounts received - current year	60 835 529	47 980 434
	Amounts received - previous years	5 541 783	5 358 079
	Amounts claimed - current year	(52 718 527)	(53 522 217)
	Closing balance - (Paid)/Claimed	8 117 002	(5 541 783)
	Vat in suspense due to cash basis of accounting		
	Input VAT	5 390 976	5 003 536
	Output VAT	(7 111 532)	(7 455 793)
	Receivable	(1 720 556)	(2 452 257)
	VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors.		
46.4	<u>PAYE, SDL and UIF - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(18 859 157)	(18 412 018)
	Amount paid - current year	18 859 157	18 412 018
	Balance unpaid (included in creditors)	-	-
46.5	<u>Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]</u>		
	Opening balance	-	-
	Current year payroll deductions and Council Contributions	(22 068 207)	(20 362 248)
	Amount paid - current year	22 068 207	20 362 248
	Balance unpaid (included in creditors)	-	-

46 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUE)

46.6 Councillor's arrear consumer accounts - [MFMA 124 (1)(b)]

The following Councillors had arrear accounts for more than 90 days as at 30 June:

	2017 R Outstanding more than 90 days	2016 R Outstanding more than 90 days
NYAMANA, W	604	464
MBI, AS	11 592	-
Total Councillor Arrear Consumer Accounts	12 196	464

46.7 Disclosures in terms of the Municipal Supply Chain Management Regulations - Promulgated by Government Gazette 27636 dated 30 May 2005

Regulation 36(2) - Details of deviations approved by the Accounting Officer in terms of Regulation 36 (1)(a) and (b)

	Amount	Single Supplier	Type of deviation		Emergency
			Impossible	Impracticable	
July	911 137	4	-	53	10
August	1 460 728	4	-	78	16
September	1 876 958	6	-	64	11
October	870 577	6	-	41	9
November	1 008 650	4	-	39	12
December	536 612	2	-	17	5
January	342 925	1	-	14	4
February	400 421	3	-	19	2
March	728 502	2	-	31	4
April	241 953	-	-	15	1
May	108 687	7	-	10	4
June	354 822	2	-	17	8
	8 841 972	41	-	398	86

Regulation 45 - Details of awards made to close family members of persons in service of State

Name of supplier	Member of company who has relationship with person in the service of the state	Relationship to person in the service of the state	Name of person in the service of the state	Employer and capacity of person in service of the state	Value of transactions
Annnadale Motors BK	Director	Spouse	E Wagner	Personal Assistant - Langeberg Municipality	63 794
Stemwet (PTY) LTD T/A Montagu Bande Supa Quick	Owner	Spouse	M Stemmet	Teacher-Department of Education Western Cape	376 473
Lumber & Lawn	Director	Spouse	J van Zyl	Teacher-Department of Education Western Cape	107 604
Mubeko Africa	Manager	Spouse	S Niehaus	Dietician - Department of Health Northern Cape	2 733 684
Van Niekerk & Linde	Owner	Spouse	S Rossouw	Teacher-Department of Education Western Cape	132 134
Montagu Trekkers	Owner	Child	J Rossouw	IT Technician - Langeberg Municipality	30 317
Moreson Grondverskuiers	Shareholder	Child	E Honing	Department of Health	814 390
Qinisekisa System Solution	Director	Spouse	A Olivier	Teacher-Department of Education Western Cape	87 661
Robertson Toyota	Director	Spouse	ZG Schreder	Teacher-Department of Education Western Cape	1 520 560
Aya Foloti Enterprises	Owner	Spouse	S Foloti	General Worker - Langeberg Municipality	45 000
Bar Vallei Herstell & Ing. Werke	Owner	Child	G van Loggerenberg	Teacher - Bonnievale High School	325 163
Berry Bright	Owner	Spouse	CC Buirman	Police Officer - SAPS	24 910
Buirman Buildings	Owner	Child	CC Buirman	Police Officer - SAPS	49 900

Regulation 45 - Details of awards made to persons who has been in the service of the State during the previous 12 months:

Name of supplier	Name of person in service of the state	Position occupied in company	Last day in service of the state	Employer and capacity of person	Employer and capacity of person
None					

46.8 Other non-compliance (MFMA 125(2)(e))

Non-compliance to the Supply Chain Management Regulations were identified in terms of Regulation 44 as detailed below:

Name of supplier	Name of person in service of the state	Position occupied in company	Employer and capacity of person	Value of transactions
None				

Other non-compliance issues were identified as detailed below:

Requirement	Relevant Legislation	Non-compliance
None		

47	CAPITAL COMMITMENTS	2017 R	2016 R
	Commitments in respect of capital expenditure:		
	Approved and contracted for:	21 127 033	18 026 397
	Infrastructure	18 809 514	13 224 722
	Community	1 645 363	4 801 675
	Other	672 156	-
	This expenditure will be financed from:		
	External Loans	-	-
	Capital Replacement Reserve	6 288 908	4 847 109
	Government Grants	14 838 126	13 179 288
	Other Grants	-	-
	Total	21 127 033	18 026 397

48 **FINANCIAL RISK MANAGEMENT**

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) **Foreign Exchange Currency Risk**

The municipality did not engage in any foreign currency transaction.

(b) **Price risk**

The municipality is not exposed to price risk.

(c) **Interest Rate Risk**

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyses its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

1.25% (2017 - 1%) Increase in interest rates	(35 482)	(162 434)
0.5% (2017 - 0.5%) Decrease in interest rates	14 193	64 974

(d) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur a financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Receivables are disclosed net after provisions are made for impairment and bad debts. Trade Receivables comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these Trade Receivables. Credit risk pertaining to trade and other Trade Receivables is considered to be moderate due to the diversified nature of Trade Receivables and immaterial nature of individual balances. In the case of consumer Trade Receivables the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of Trade Receivables whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

The credit quality of receivables are further assessed by grouping individual Trade Receivables into different categories with similar risk profiles. The categories include the following: Bad Debt, Deceased, Good payers, Slow Payers, Government Departments, Trade Receivables with Arrangements, Indigents, Municipal Workers, Handed over to Attorneys and Untraceable account. These categories are then impaired on a group basis based on the risk profile/credit quality associated with the group.

Balances past due not impaired:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	24 844 750	100.00%	30 129 412
<u>Exchange Receivables</u>				
Electricity	36.86%	21 261 204	35.94%	19 864 050
Water	13.01%	7 505 642	12.76%	7 050 376
Refuse	7.17%	4 138 023	7.75%	4 281 984
Sewerage	9.58%	5 526 934	10.15%	5 610 725
Other	33.38%	19 253 605	33.41%	18 465 006
	100.00%	57 685 409	100.00%	55 272 140

No receivables are pledged as security for financial liabilities.

Due to the short term nature of receivables the carrying value disclosed in note 21 and 22 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of Trade Receivables as follows:

	2017 %	2017 R	2016 %	2016 R
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	17 520 851	100.00%	24 532 906
<u>Exchange Receivables</u>				
Electricity	11.62%	1 707 420	12.78%	1 879 143
Water	27.64%	4 063 467	28.07%	4 126 267
Refuse	18.26%	2 684 718	19.26%	2 831 629
Sewerage	24.80%	3 646 024	25.51%	3 749 662
Other	17.67%	2 597 162	16.72%	2 456 988
	100.00%	14 698 791	102.35%	15 043 689

FINANCIAL RISK MANAGEMENT (CONTINUE)

	2017 %	2017 R	2016 %	2016 R
Bad debts written off per debtor class:				
<u>Non-Exchange Receivables</u>				
Rates and other receivables	100.00%	15 795 022	100.00%	16 240 044
<u>Exchange Receivables</u>				
Electricity	1.74%	112 192	1.90%	215 985
Water	28.59%	1 843 938	39.34%	4 472 029
Refuse	21.38%	1 378 850	20.69%	2 351 649
Sewerage	28.35%	1 828 334	27.07%	3 077 020
Other	19.95%	1 286 629	11.01%	1 251 975
	100.00%	6 449 943	100.00%	11 368 657

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectations of counter party default.

Long-term Receivables and Other Trade Receivables are individually evaluated annually at Balance Sheet date for impairment.

	2017 R	2016 R
Financial assets exposed to credit risk at year end are as follows:		
Long term receivables	1 289 881	1 410 471
Receivables from exchange transactions	47 760 198	44 216 339
Cash and Cash Equivalents	115 104 639	103 088 259
Non-Current Investments	122 821	120 903
	164 277 539	148 835 973

(e)

Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying business, the treasury maintains flexibility in funding by maintaining availability under credit lines.

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
2017				
Long Term liabilities	7 414 120	17 354 824	7 530 220	-
Capital repayments	5 056 159	11 945 594	6 246 174	-
Interest	2 357 961	5 409 230	1 284 046	-
Trade and Other Payables	65 060 195	-	-	-
	72 474 316	17 354 824	7 530 220	-

48 FINANCIAL RISK MANAGEMENT (CONTINUE)

2016	Less than 1 year	Between 1 and 5 years	Between 5 and 10 years	Over 10 Years
Long Term liabilities	6 863 575	23 491 858	7 790 589	-
Capital repayments	4 131 621	17 016 866	5 908 483	-
Interest	2 731 954	6 474 992	1 882 106	-
Trade and Other Payables	60 994 023	-	-	-
	<u>67 857 598</u>	<u>23 491 858</u>	<u>7 790 589</u>	<u>-</u>

49 FINANCIAL INSTRUMENTS

In accordance with GRAP 104 the financial instruments of the municipality are classified as follows:

The fair value of financial instruments approximates the amortised costs as reflected below.

49.1	Financial Assets	Classification	2017 R	2016 R
	Investments			
	Non-Current Investments	Financial instruments at fair value	122 821	120 903
	Fixed Deposits	Financial instruments at amortised cost	-	-
	Long-term Receivables			
	Provincial Government Housing Loans - At amortised cost		365 196	383 622
	Staff Study loans - At amortised cost		139 551	155 342
	Services connections - At amortised cost		520 610	730 146
	Land Sales - At amortised cost		-	-
	Short-term Installments		264 524	141 361
	Agreements with Consumer Debtors		-	0
	Receivables			
	Receivables from exchange transactions	Financial instruments at amortised cost	47 760 198	44 216 339
	Other Receivables			
	Government Subsidies and Grants	Financial instruments at amortised cost	-	-
	Short-term Investment Deposits			
	Call Deposits	Financial instruments at amortised cost	95 083 394	90 015 287
	Bank Balances and Cash			
	Bank Balances	Financial instruments at amortised cost	20 010 635	13 063 862
	Cash Floats and Advances	Financial instruments at amortised cost	10 610	9 110
			<u>164 277 539</u>	<u>148 835 973</u>
	SUMMARY OF FINANCIAL ASSETS			
	Financial instruments at amortised cost		164 277 539	148 835 973
	At amortised cost		<u>164 277 539</u>	<u>148 835 973</u>

49	FINANCIAL INSTRUMENTS (CONTINUE)		2017	2016
49.2	Financial Liability	Classification		
	Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	17 421 160	21 350 405
	Capitalised Lease Liability	Financial instruments at amortised cost	1 197 064	1 307 942
	Payables from exchange transactions			
	Trade Payables	Financial instruments at amortised cost	55 150 935	53 316 105
	Retentions and Guarantees	Financial instruments at amortised cost	2 824 037	3 114 439
	Sundry Deposits	Financial instruments at amortised cost	8 810 136	7 630 939
	Sundry Creditors	Financial instruments at amortised cost	1 099 124	46 979
	Current Portion of Long-term Liabilities			
	Annuity Loans	Financial instruments at amortised cost	3 889 329	3 639 125
	Capitalised Lease Liability	Financial instruments at amortised cost	1 166 830	602 837
			91 558 616	91 008 772
	SUMMARY OF FINANCIAL LIABILITY			
	Financial instruments at amortised cost		91 558 616	91 008 772
50	STATUTORY RECEIVABLES		2017	2016
	In accordance with the principles of GRAP 108 Statutory Receivables of the municipality are classified as follows:			
	Taxes			
	VAT Receivable		1 809 247	342 206
	Receivables from Non-Exchange Transactions			
	Rates		2 719 278	2 719 278
	Fines		880 757	2 224 067
			5 409 283	5 285 551
51	EVENTS AFTER THE REPORTING DATE			
	2017			
	The Municipal Council has approved an external loan to the value of R35 000 000 in 2016/2017 to fund capital expenditure during the 2017/2018 and 2018/2019 financial years. The tender process for awarding the loan has commenced with the aim of awarding the tender during the 2017/2018 financial year.			
	The Municipality has upgraded its financial system to incorporate the Municipal Standard Chart of Accounts (MSCOA) from 1 July 2017, as required by National Treasury.			
	2016			
	The municipality intends to take up a loan of R 40 000 000 in 2016/2017 to fund capital expenditure.			
52	IN-KIND DONATIONS AND ASSISTANCE			
	No in-kind donations or assistance has been received during the financial year			

53 PRIVATE PUBLIC PARTNERSHIPS

Council has not entered into any private public partnerships during the financial year.

54 CONTINGENT LIABILITY

2017

The Municipality has no contingent liabilities as at 30 June 2017

2016

The person who was injured on the municipal dumping site is now deceased. The insurers of the Municipality have received no further correspondence or claims from the Third Party representatives and have closed the file on the matter.

CONTINGENT ASSET

2017

Case Langeberg Municipality/Tony Quickleburg for Outstanding Rates and Levies of R348 426.

2016

The municipality has instituted legal action against the contractor who did the alterations to the Robertson Museum when it collapsed on 26 August 2014. The claim is for the reinstatement of the asset as it was.

55 RELATED PARTIES

Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.

The rates, service charges and other charges are in accordance with approved tariffs that were advertised to the public. No bad debt expenses have been recognised in respect of amounts owed by related parties.

55.1 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are disclosed in note 19 to the Annual Financial Statements.

55.2 Compensation of key management personnel

The compensation of key management personnel is set out in note 29 to the Annual Financial Statements.

55.3 Other related party transactions

No purchases were made during the year where Councillors or staff have an interest.

APPENDIX A - Unaudited														
LANGE BERG MUNICIPALITY														
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2017														
												Current Liability	Non-current Liability	
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2016	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2017	Closing Balance (outstanding capital) 30/06/2017	Short-term portion	Balance at reporting date	Interest Payable Till 30/06/2017
ANNUITY LOANS														
DBSA	10287/102	61000738	31/03/2016	10.00%	0	-	-	-	-	-	0	-	0	-
DBSA	10287/202	61000739	30/09/2015	12.00%	-0	-	-	-	-	-	-0	-	-0	-
DBSA	10422/102	61001087	31/03/2018	15.00%	236 785	-	30 423	136 334	-8 536	4 575	126 913	122 338	-0	4 575
DBSA	10422/203	61001088	30/09/2018	14.00%	160 840	-	19 872	75 843	-5 425	3 471	102 916	64 052	35 394	3 471
DBSA	11124/103	61001404	30/06/2019	16.00%	709 892	-	106 134	307 376	-	-	508 651	234 796	273 855	-
DBSA	11174/102	61001426	31/12/2018	16.50%	215 733	-	32 683	108 884	-	-	139 533	89 317	50 216	-
DBSA	11192/101	61001436	31/12/2018	15.75%	1 805 240	-	260 874	902 142	-	-	1 163 971	746 440	417 531	-
DBSA (Loan Fund)	11328/101	61001531	30/06/2014	13.22%	0	-	-	-	-	-	0	-0	0	-
DBSA (Public Debt Commissioner)	12350/101	61002371	30/06/2014	13.75%	-0	-	-	-	-	-	-0	0	-0	-
DBSA	13341/102	61003137	31/12/2019	16.50%	1 852 271	-	289 333	718 266	-	-	1 423 338	502 789	920 549	-
DBSA	13452/102	61003173	30/06/2020	9.217%	460 247	-	39 799	154 860	-	-	345 186	115 062	230 124	-
DBSA	13452/301	61003178	31/12/2019	9.217%	541 923	-	46 427	201 262	-	-	387 088	154 835	232 253	-
DBSA	13586/101	61003228	31/12/2020	10.628%	209 293	-	21 094	67 604	-	-	162 783	46 510	116 274	-
DBSA	13760/101	61003271	31/12/2020	10.158%	952 470	-	91 761	303 421	-	-	740 810	211 660	529 150	-
DBSA	99999/1	61004211	31/12/2024	10.158%	543 852	-	53 810	117 793	-	-	479 870	63 983	415 887	-
DBSA	102290/1	61000517	31/03/2027	9.200%	17 300 984	-	1 525 403	3 062 953	-387 934	353 933	15 729 432	1 537 550	13 837 949	353 933
TOTAL ANNUITY LOANS					24 989 531	-	2 517 613	6 156 738	-401 895	361 979	21 310 490	3 889 329	17 059 182	361 979
LEASE LIABILITIES														
TASKalfa (FS 1135 MFP)	NR73259193		25/08/2016	14.50%	1 044	-	7	590	-461	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR72530468		25/08/2016	14.50%	1 044	-	7	590	-461	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR7367446		25/03/2017	15.25%	5 710	-	303	5 520	-493	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR72531587		25/03/2017	15.25%	5 710	-	303	5 520	-493	-	-0	-	-0	-
TASKalfa (FS 1135 MFP)	NR72531588		25/03/2017	15.25%	5 710	-	303	5 520	-493	-	-0	-	-0	-
TASKalfa 3510i	LH44702656		25/07/2018	15.25%	46 757	-	5 901	26 916	211	-	25 954	24 453	1 500	-
TASKalfa 3510i	LH44702681		25/07/2018	15.25%	46 757	-	5 901	26 916	211	-	25 954	24 453	1 500	-
TASKalfa M2535 DN	15267449		25/01/2019	16.50%	17 651	-	2 452	8 295	63	-	11 871	6 884	4 988	-
TASKalfa 3551 Ci MFP	K581144		25/02/2019	16.50%	107 655	-	14 901	49 200	372	-	73 729	40 406	33 322	-
TA 5551 ci MFP (Colour)	B5706424		25/01/2019	16.50%	200 045	-	27 369	92 585	-2 332	-	132 498	76 829	55 669	-
TA 5551 ci MFP (Colour)	B5706437		25/01/2019	16.50%	200 045	-	27 369	92 585	-2 332	-	132 498	76 829	55 669	-
TASKalfa 5551 Ci	B5706441		25/11/2018	16.50%	97 183	-	13 601	48 437	378	-	62 726	41 039	21 687	-
TASKalfa 350i (Black)	44702675		25/11/2018	16.50%	97 183	-	13 601	48 437	378	-	62 726	41 039	21 687	-
NEC SV8100 PABX	0834143742100001		25/01/2019	16.50%	99 656	-	13 845	46 834	358	-	67 024	38 864	28 160	-
NEC SV8100 PABX	2B0385BK700065		25/03/2019	16.50%	254 761	-	35 511	113 700	848	-	177 421	92 112	85 309	-
NEC SV8100 PABX	ITL5BE 1P 10 Units		25/05/2019	16.50%	648 198	-	90 509	273 564	-5 097	-	460 046	215 651	244 395	-

APPENDIX A - Unaudited														
LANGE BERG MUNICIPALITY														
LOAN REGISTER FOR THE YEAR ENDED 30 JUNE 2017														
												Current Liability	Non-current Liability	
Financial Institution	Account Number	Contract Number	Redeemable	Interest Rate	Opening Balance (outstanding capital) 01/07/2016	Received During The Year / New Lease Agreement	Interest Paid	Installments during the year	Adjustments	Interest Payable Till 30/06/2017	Closing Balance (outstanding capital) 30/06/2017	Short-term portion	Balance at reporting date	Interest Payable Till 30/06/2017
Olivetti d-Copia 3513MFP	V3L6606310		25/02/2020	16.50%	-	22 620	880	3 160	403	-	20 743	6 609	14 135	-
Olivetti d-Copia 3513MFP	V3L6606309		25/02/2020	16.50%	-	22 620	880	3 160	403	-	20 743	6 609	14 135	-
Olivetti d-Copia 3513MFP	V3L6606303		25/02/2020	16.50%	-	22 620	880	3 160	403	-	20 743	6 609	14 135	-
Kyocera M2535 DN	LW16220247		25/07/2019	16.50%	-	21 475	2 551	8 250	421	-	16 197	6 904	9 293	-
Kyocera M2535 DN	LW15Y05676		25/07/2020	16.50%	-	21 475	2 551	8 250	421	-	16 197	6 904	9 293	-
SV 8100 NEC PABX	A44163500019		25/01/2020	16.50%	-	94 462	4 844	16 495	1 705	-	84 515	27 978	56 538	-
List Radio links between Towns	Per list		25/09/2019	16.50%	-	1 015 343	99 085	319 140	19 354	-	814 642	317 606	497 036	-
Vodacom - Cell phones	Per List		30/09/2016	10.50%	12 289	-	216	12 504	-	-	0	-	0	-
Vodacom - Cell phones	Per List		01/04/2017	10.50%	9 202	-	728	5 779	-	-	4 150	4 150	-	-
Vodacom - Cell phones	Per List		30/11/2017	10.50%	29 998	-	2 172	22 881	-	-	9 289	9 289	-	-
Vodacom - Cell phones	Per List		31/10/2017	10.50%	10 573	-	742	8 532	-	-	2 783	2 783	-	-
Vodacom - Cell phones	Per List		31/07/2017	10.50%	1 444	-	89	1 416	-	-	117	117	0	-
Vodacom - Cell phones	Per List		1/05/2018	10.50%	12 164	-	978	7 323	-	-	5 818	5 818	-	-
Vodacom - Tablets Council	Per List		1/10/2018	10.50%	-	111 240	7 415	46 430	-	-	72 225	57 015	15 209	-
Vodacom - Tablets Council	Per List		1/12/2018	10.50%	-	59 328	3 218	19 260	-	-	43 286	29 883	13 403	-
					-	-	-	-	-	-	-	-	-	-
TOTAL LEASE LIABILITIES					1 910 779	1 391 184	379 112	1 330 949	13 768	-	2 363 894	1 166 830	1 197 064	-
TOTAL LIABILITIES					26 900 310	1 391 184	2 896 726	7 487 687	-388 127	361 979	23 674 384	5 056 160	18 256 246	361 979

**APPENDIX B - Unaudited
 LANGE BERG MUNICIPALITY
 SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
 MUNICIPAL VOTES CLASSIFICATION**

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
37 500 063	(43 878 740)	(6 378 678)	Community Services	51 953 414	(42 083 700)	9 869 714
30 582 406	(46 700 669)	(16 118 263)	Corporate Services	24 840 860	(46 873 139)	(22 032 279)
437 070 639	(387 494 332)	49 576 307	Engineering Services	470 568 365	(405 955 053)	64 613 312
622 048	(26 080 151)	(25 458 103)	Executive & Council	762 490	(27 654 899)	(26 892 409)
93 372 591	(25 588 486)	67 784 105	Finance	96 437 662	(27 706 785)	68 730 877
2 481 619	(18 812 034)	(16 330 415)	Strategy & Social Development	2 031 300	(19 854 184)	(17 822 884)
601 629 367	(548 554 414)	53 074 953	Sub Total	646 594 091	(570 127 759)	76 466 331
-	-	-		-	-	-
601 629 367	(548 554 414)	53 074 953	Total	646 594 091	(570 127 759)	76 466 331

APPENDIX C - Unaudited
LANGEBERG MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2017
GENERAL FINANCE STATISTIC CLASSIFICATIONS

2016 Actual Income R	2016 Actual Expenditure R	2016 Surplus/ (Deficit) R		2017 Actual Income R	2017 Actual Expenditure R	2017 Surplus/ (Deficit) R
622 048	(32 177 966)	(31 555 917)	Executive & Council	762 490	(33 961 295)	(33 198 805)
93 372 591	(25 588 486)	67 784 105	Budget & Treasury	96 437 662	(27 706 785)	68 730 877
6 611 280	(24 715 098)	(18 103 817)	Corporate Services	2 530 948	(25 650 474)	(23 119 526)
3 079 890	(7 668 440)	(4 588 550)	Planning & Development	3 308 117	(7 902 182)	(4 594 064)
9 555 724	(19 367 355)	(9 811 631)	Community & Social Services	14 001 289	(21 442 554)	(7 441 264)
27 872 645	(9 774 149)	18 098 495	Housing	37 477 434	(4 874 696)	32 602 738
25 354 898	(32 303 533)	(6 948 634)	Public Safety	22 685 258	(32 873 220)	(10 187 962)
275 595	(3 559 493)	(3 283 898)	Sport & Recreation	821 361	(4 593 127)	(3 771 766)
283 093	(14 572 473)	(14 289 379)	Environmental Protection	282 030	(14 297 279)	(14 015 249)
28 226 516	(37 499 091)	(9 272 575)	Waste Management	29 109 617	(31 187 023)	(2 077 406)
50 171 753	(17 065 097)	33 106 656	Waste Water Management	37 392 681	(16 255 939)	21 136 742
871 941	(17 824 037)	(16 952 096)	Road Transport	117 364	(18 993 186)	(18 875 821)
41 387 074	(38 822 047)	2 565 026	Water	49 968 545	(35 345 703)	14 622 842
313 944 318	(267 617 151)	46 327 167	Electricity	351 699 295	(295 044 299)	56 654 996
						-
601 629 367	(548 554 414)	53 074 953	Sub Total	646 594 091	(570 127 759)	76 466 331
601 629 367	(548 554 414)	53 074 953	Total	646 594 091	(570 127 759)	76 466 331

**APPENDIX D - Unaudited
LANGEBERG MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003
Restated**

UNSPENT AND UNPAID GOVERNMENT GRANTS AND RECEIPTS	30 JUNE 2016	Prior Period Error	30 JUNE 2016	Grants Received	Write Offs / Transfers	Operating expenditure during the year Transferred to revenue	Capital expenditure during the year Transferred to revenue	Balance 30 JUNE 2017
	R	R	R	R	R	R	R	R
<u>National Government Grants</u>								
Masterplans	54 386	-5 359	49 027	-	-	-	-	49 027
MIG	-	-	-	20 983 000	-	2 576 787	18 406 213	-
Equitable Share	-	-	-	60 461 000	-	60 461 000	-	-
FMG	-	-	-	1 475 000	-	1 475 000	-	-
INEP	33 126	-	33 126	1 221 000	-	143 020	1 111 106	-
EPWP	-	-	-	1 759 000	-	1 759 000	-	-
Municipal Disaster Recovery	5 395 729	-	5 395 729	-	-5 395 729	-	-	-
Department of Water Affairs	55 470	-	55 470	-	-	-	-	55 470
<u>Provincial Government Grants</u>								
Community Library Services Grant	922 328	-	922 328	6 112 000	-	2 412 000	4 540 168	82 160
Library Services - Replacement Funding for most vulnerable B3 Municipalities	295 901	-	295 901	5 397 000	-	4 892 915	445 210	354 775
Financial Assistance to Municipalities for Maintenance and Construction of Transport Infrastructure	-	-	-	99 877	-	99 877	-	-
Masakhane	353 117	-282 810	70 307	-	-	33 000	-	37 307
Housing Consumer Education	8 421	-8 421	-	-	-	-	-	-
Housing Emergency Grant	197 755	-167 859	29 896	-	-	-	-	29 896
Job creation	128 050	-	128 050	-	-	-	-	128 050
Housing Home Sanitation	167 671	-116 038	51 633	-	-	-	-	51 633
Housing	17 903	-17 716	188	-	-	-	-	188
Dept Water Affairs	140 000	-	140 000	-	-	-	-	140 000
Training	-	-	-	246 708	-	246 708	-	-
Installation of Basic Services (Squatter Camps)	46 326	-	46 326	-	-	-	-	46 326
Public Transport Infrastructure	73 536	-73 536	-	-	-	-	-	-
Human Settlements Development Grant (Beneficiaries)	115 596	-	115 596	38 354 126	-	37 248 369	-	1 221 353
Thusong Service Centre Operational Support Grant	94 995	-	94 995	-	-	-	-	94 995
Western Cape Financial Management Support Grant	-	-	-	220 000	-	212 300	-	7 700
Western Cape Financial Management Capacity Building Grant	-	-	-	120 000	-	60 000	-	60 000
Local Government Graduate Internship	-	-	-	60 000	-	-	-	60 000
Municipal Capacity Building Grant	470 000	-	470 000	-	-	172 429	-	297 571
<u>District Municipality Grants</u>								
ID Documents	33 260	-33 260	-	-	-	-	-	-
Route 62 projects	37 377	-36 184	1 193	-	-	-	-	1 193
PIMS	56 147	-56 147	-	-	-	-	-	-
Pre-paid Watermeters	108 527	-26 339	82 188	-	-	-	-	82 188
Ward Committees	150 000	-111 036	38 964	-	-	-	-	38 964
PIMS	17 560	-17 560	-	-	-	-	-	-
McGregor Dam	25 000	-	25 000	-	-	-	-	25 000
Bakery Project	210 312	-22 444	187 868	-	-	-	-	187 868
Landfil site	332 400	-332 400	-	-	-	-	-	-
Cleanest Town	41 416	-41 416	0	-	-	-	-	0
CDWM Cultural Events	-	-	-	300 000	-	173 770	-	126 230
Total	9 582 308	-1 348 525	8 233 783	136 808 711	-5 395 729	111 966 176	24 502 697	3 177 892

**Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)**

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue - Standard												
<i>Governance and administration</i>	96 462	5 431	101 893	99 731		(2 162)	97.9%	103.4%				100 606
Executive and council	444	3	446	762		316	170.8%	171.8%				622
Budget and treasury office	94 318	3 575	97 894	96 438		(1 456)	98.5%	102.2%				93 373
Corporate services	1 700	1 853	3 553	2 531		(1 022)	71.2%	148.9%				6 611
<i>Community and public safety</i>	86 217	6 049	92 266	74 985		(17 280)	81.3%	87.0%				63 059
Community and social services	11 378	3 151	14 529	14 001		(528)	96.4%	123.1%				9 556
Sport and recreation	391	1 900	2 291	821		(1 470)	35.9%	210.1%				276
Public safety	25 059	927	25 986	22 685		(3 301)	87.3%	90.5%				25 355
Housing	49 388	71	49 459	37 477		(11 982)	75.8%	75.9%				27 873
Health	-	-	-	-		-	-	-				-
<i>Economic and environmental services</i>	6 990	(2 447)	4 544	3 708		(836)	81.6%	53.0%				4 235
Planning and development	4 001	-	4 001	3 308		(693)	82.7%	82.7%				3 080
Road transport	2 809	(2 623)	186	117		(69)	63.1%	4.2%				872
Environmental protection	180	177	356	282		(74)	79.1%	156.8%				283
<i>Trading services</i>	454 913	10 604	465 516	468 170		2 654	100.6%	102.9%				433 730
Electricity	335 922	5 544	341 466	351 699		10 233	103.0%	104.7%				313 944
Water	52 046	4 222	56 268	49 969		(6 299)	88.8%	96.0%				41 387
Waste water management	36 022	(1)	36 020	37 393		1 372	103.8%	103.8%				50 172
Waste management	30 923	839	31 762	29 110		(2 652)	91.6%	94.1%				28 227
<i>Other</i>	-	-	-	-		-	-	-				-
Total Revenue - Standard	644 581	19 637	664 218	646 594		(17 624)	97.3%	100.3%				601 629

**Appendix E1 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Standard Classification)**

Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand												
Expenditure - Standard												
<i>Governance and administration</i>	97 150	5 390	102 540	84 835	(17 705)	(17 705)	82.7%	87.3%	-	-	-	80 202
Executive and council	34 894	67	34 961	30 860	(4 101)	(4 101)	88.3%	88.4%			-	29 174
Budget and treasury office	34 043	5 255	39 298	27 707	(11 591)	(11 591)	70.5%	81.4%			-	25 588
Corporate services	28 213	68	28 281	26 268	(2 013)	(2 013)	92.9%	93.1%			-	25 440
<i>Community and public safety</i>	116 951	6 371	123 322	63 784	(59 538)	(59 538)	51.7%	54.5%	-	-	-	65 005
Community and social services	23 234	602	23 836	21 443	(2 393)	(2 393)	90.0%	92.3%			-	19 367
Sport and recreation	4 484	1 264	5 748	4 593	(1 155)	(1 155)	79.9%	102.4%			-	3 559
Public safety	36 724	5 696	42 421	32 873	(9 547)	(9 547)	77.5%	89.5%			-	32 304
Housing	52 509	(1 192)	51 317	4 875	(46 442)	(46 442)	9.5%	9.3%			-	9 774
Health	-	-	-	-	-	-	-	-			-	-
<i>Economic and environmental services</i>	52 244	532	52 776	43 676	(9 100)	(9 100)	82.8%	83.6%	-	-	-	42 344
Planning and development	12 832	(96)	12 736	10 386	(2 350)	(2 350)	81.5%	80.9%			-	9 948
Road transport	23 399	(2)	23 397	18 993	(4 404)	(4 404)	81.2%	81.2%			-	17 824
Environmental protection	16 014	630	16 644	14 297	(2 346)	(2 346)	85.9%	89.3%			-	14 572
<i>Trading services</i>	377 971	10 745	388 716	377 833	(10 883)	(10 883)	97.2%	100.0%	-	-	-	361 003
Electricity	290 147	7 634	297 782	295 044	(2 737)	(2 737)	99.1%	101.7%			-	267 617
Water	41 868	(942)	40 926	35 346	(5 580)	(5 580)	86.4%	84.4%			-	38 822
Waste water management	18 810	402	19 212	16 256	(2 956)	(2 956)	84.6%	86.4%			-	17 065
Waste management	27 146	3 650	30 796	31 187	391	391	101.3%	114.9%			-	37 499
<i>Other</i>	-	-	-	-	-	-	-	-			-	-
Total Expenditure - Standard	644 316	23 037	667 354	570 128	(97 226)	(97 226)	85.4%	88.5%	-	-	-	548 554
Surplus/(Deficit) for the year	265	(3 400)	(3 135)	76 466		79 602	-2438.9%	28837.8%			-	53 075

**Appendix E2 - Unaudited
Langeberg Municipality
- Revenue and Expenditure (Municipal Vote Classification)**

Reconciliation of Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue by Vote												
Vote 1 - FINANCE	94 318	3 575	97 894	96 438		(1 456)	98.5%	102.2%				93 373
Vote 2 - EXECUTIVE & COUNCIL	444	3	446	762		316	170.8%	171.8%				622
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1 759	610	2 369	2 031		(337)	85.8%	115.5%				2 482
Vote 4 - CORPORATE SERVICES	26 327	1 994	28 321	24 841		(3 480)	87.7%	94.4%				30 582
Vote 5 - ENGINEERING SERVICES	460 910	8 367	469 277	470 568		1 291	100.3%	102.1%				437 071
Vote 6 - COMMUNITY SERVICES	60 824	5 089	65 912	51 953		(13 959)	78.8%	85.4%				37 500
Total Revenue by Vote	644 581	19 637	664 218	646 594		(17 624)	97.3%	100.3%				601 629
Expenditure by Vote to be appropriated												
Vote 1 - FINANCE	34 043	5 255	39 298	27 707	(11 591)	(11 591)	70.5%	81.4%			-	25 588
Vote 2 - EXECUTIVE & COUNCIL	31 150	88	31 239	27 655	(3 584)	(3 584)	88.5%	88.8%			-	26 080
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	22 320	308	22 628	19 854	(2 774)	(2 774)	87.7%	89.0%			-	18 812
Vote 4 - CORPORATE SERVICES	51 494	5 140	56 634	46 873	(9 761)	(9 761)	82.8%	91.0%			-	46 701
Vote 5 - ENGINEERING SERVICES	412 517	10 818	423 335	405 955	(17 380)	(17 380)	95.9%	98.4%			-	387 494
Vote 6 - COMMUNITY SERVICES	92 792	1 428	94 220	42 084	(52 136)						-	43 879
Total Expenditure by Vote	644 316	23 037	667 354	570 128	(97 226)	(45 090)	85.4%	88.5%	-	-	-	548 554
Surplus/(Deficit) for the year	265	(3 400)	(3 135)	76 466		27 466	-2438.9%	28837.8%				

Appendix E3 - Unaudited

Langeberg Municipality

- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	43 064	740	43 804	42 686		(1 118)	97.4%	99.1%				39 954
Property rates - penalties & collection charges	521	–	521	389		(132)	74.6%	74.6%				269
Service charges - electricity revenue	324 765	5 500	330 265	337 632		7 368	102.2%	104.0%				303 921
Service charges - water revenue	42 139	2 000	44 139	37 725		(6 413)	85.5%	89.5%				37 493
Service charges - sanitation revenue	15 635	–	15 635	17 268		1 633	110.4%	110.4%				18 979
Service charges - refuse revenue	14 422	920	15 342	13 156		(2 187)	85.7%	91.2%				14 417
Service charges - other	–	–	–	–		–	–	–				–
Rental of facilities and equipment	2 917	998	3 914	2 714		(1 200)	69.3%	93.0%				2 627
Interest earned - external investments	4 609	–	4 609	5 931		1 322	128.7%	128.7%				4 392
Interest earned - outstanding debtors	1 692	–	1 692	1 779		87	105.1%	105.1%				1 686
Dividends received	–	–	–	–		–	–	–				–
Fines	20 107	–	20 107	9 515		(10 592)	47.3%	47.3%				20 679
Licences and permits	1 839	–	1 839	1 503		(336)	81.7%	81.7%				1 498
Agency services	3 056	968	4 023	3 498		(525)	87.0%	114.5%				3 141
Transfers recognised - operational	122 459	535	122 994	111 966		(11 028)	91.0%	91.4%				98 274
Other revenue	25 537	2 670	28 207	35 734		7 526	126.7%	139.9%				26 879
Gains on disposal of PPE	–	1 200	1 200	597		(603)	49.8%	#DIV/0!				3 529
Total Revenue (excluding capital transfers and contributions)	622 762	15 530	638 292	622 091		(16 200)	97.5%	99.9%				577 737
Expenditure By Type												
Employee related costs	173 828	107	173 936	157 957	(15 979)	(15 979)	90.8%	90.9%			–	147 188
Remuneration of councillors	9 471	–	9 471	9 234	(238)	(238)	97.5%	97.5%			–	8 740
Debt impairment	26 408	5 431	31 839	–	(31 839)	(31 839)	–	–			–	2 189
Depreciation & asset impairment	27 548	50	27 598	26 765	(833)	(833)	97.0%	97.2%			–	31 169
Finance charges	7 945	3 701	11 647	11 925	279	279	102.4%	150.1%			–	11 437
Bulk purchases	258 736	7 968	266 704	270 736	4 032	4 032	101.5%	104.6%			–	242 032
Other materials	–	–	–	9 435	9 435	9 435	#DIV/0!	#DIV/0!			–	8 843
Contracted services	2 192	(10)	2 182	7 776	5 594	5 594	356.3%	354.7%			–	9 997
Transfers and grants	134	–	134	133	(2)	(2)	98.8%	98.8%			–	749
Other expenditure	138 053	5 290	143 343	75 883	(67 460)	(67 460)	52.9%	55.0%			–	84 643
Loss on disposal of PPE	–	500	500	286	(215)	(215)	57.1%	#DIV/0!			–	1 567
Total Expenditure	644 316	23 037	667 354	570 128	(97 226)	(97 226)	85.4%	88.5%	–	–	–	548 554

Appendix E3 - Unaudited

Langeberg Municipality

- Revenue and Expenditure (Revenue by Source and Expenditure by Type)

Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description R thousand	2016/2017								2015/2016			
	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Surplus/(Deficit)	(21 555)	(7 507)	(29 062)	51 964		81 026	-178.8%	-241.1%				29 183
Transfers recognised - capital	21 820	4 107	25 927	24 503		(1 424)	94.5%	112.3%				23 892
Contributions recognised - capital	-	-	-	-		-	-	-				-
Contributed assets	-	-	-	-		-	-	-				-
Surplus/(Deficit) after capital transfers & contributions	265	(3 400)	(3 135)	76 466		79 602	-2438.9%	28837.8%				53 075
Taxation			-			-	-	-				
Surplus/(Deficit) after taxation	265	(3 400)	(3 135)	76 466		79 602	-2438.9%	28837.8%				53 075
Attributable to minorities			-			-	-	-				
Surplus/(Deficit) attributable to municipality	265	(3 400)	(3 135)	76 466		79 602	-2438.9%	28837.8%				53 075
Share of surplus/ (deficit) of associate			-			-	-	-				
Surplus/(Deficit) for the year	265	(3 400)	(3 135)	76 466		79 602	-2438.9%	28837.8%				53 075

(*)Reasons for varians on Page 10

**Appendix E4 - Unaudited
Langeberg Municipality
- Capital Expenditure by Vote, Standard Classification and Funding**

Reconciliation of Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	2016/2017								2015/2016			
	Original Budget	Total Budget	Final	Actual	Unauthorised	Variance	Actual Outcome	Actual Outcome	Reported unauthorised	Expenditure	Balance to be	Restated
R thousand	1	2	3	4	5	6	7	8	9	10	11	12
Capital expenditure - Vote												
Multi-year expenditure												
Vote 1 - FINANCE	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-	-	-	-
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	2 200	-	2 200	1 920	-	(280)	87%	87%	-	-	-	-
Vote 4 - CORPORATE SERVICES	2 100	(85)	2 015	1 044	-	(971)	52%	50%	-	-	-	-
Vote 5 - ENGINEERING SERVICES	17 880	(3 317)	14 562	14 419	-	(144)	99%	81%	-	-	-	2 915
Vote 6 - COMMUNITY SERVICES	2 500	(5)	2 495	1 863	-	(633)	75%	75%	-	-	-	-
Capital multi-year expenditure	24 680	(3 407)	21 273	19 246	-	(2 027)	90%	78%	-	-	-	2 915
Single-year expenditure												
Vote 1 - FINANCE	-	-	-	-	-	-	-	-	-	-	-	4
Vote 2 - EXECUTIVE & COUNCIL	-	-	-	-	-	-	-	-	-	-	-	924
Vote 3 - STRATEGY & SOCIAL DEVELOPMENT	1 000	-	1 000	766	-	(234)	77%	77%	23	23	-	3 398
Vote 4 - CORPORATE SERVICES	530	85	615	683	(68)	68	111%	129%	-	-	-	1 483
Vote 5 - ENGINEERING SERVICES	23 419	5 932	29 351	25 159	-	(4 192)	86%	107%	-	-	-	38 186
Vote 6 - COMMUNITY SERVICES	3 608	2 812	6 420	4 985	-	(1 435)	78%	138%	21 166	21 166	-	27 486
Capital single-year expenditure	28 557	8 829	37 386	31 593	(68)	(5 793)	85%	111%	21 189	21 189	-	71 480
Total Capital Expenditure - Vote	53 236	5 423	58 659	50 839	(68)	(7 820)	87%	95%	21 189	21 189	-	74 395
Capital Expenditure - Standard												
Governance and administration	4 130	-	4 130	3 342	-	(788)	81%	81%	59	59	-	4 486
Executive and council	-	-	-	-	-	-	-	-	-	-	-	924
Budget and treasury office	-	-	-	-	-	-	-	-	-	-	-	4
Corporate services	4 130	-	4 130	3 342	-	(788)	81%	81%	59	59	-	3 559
Community and public safety	6 760	2 862	9 622	6 928	-	(2 693)	72%	102%	21 196	21 196	-	27 421
Community and social services	5 318	2 097	7 415	6 658	-	(757)	90%	125%	(1 142)	(1 142)	-	3 485
Sport and recreation	682	49	731	136	-	(596)	19%	20%	(1)	(1)	-	88
Public safety	760	-	760	135	-	(625)	18%	18%	-	-	-	8
Housing	-	716	716	-	-	(716)	-	-	22 339	22 339	-	23 839
Health	-	-	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	13 351	(5 852)	7 499	6 969	-	(530)	93%	52%	(66)	(66)	-	5 794
Planning and development	11 303	(5 798)	5 505	4 978	-	(527)	90%	44%	-	-	-	-
Road transport	1 000	-	1 000	1 000	-	(0)	100%	100%	-	-	-	4 406
Environmental protection	1 048	(54)	994	992	-	(2)	100%	95%	(66)	(66)	-	1 388
Trading services	28 995	8 413	37 408	33 599	-	(3 809)	90%	116%	-	-	-	36 694
Electricity	4 622	3 508	8 130	6 150	-	(1 980)	76%	133%	-	-	-	5 917
Water	7 285	3 534	10 820	9 914	-	(905)	92%	136%	-	-	-	1 078
Waste water management	8 876	1 514	10 390	9 965	-	(425)	96%	112%	-	-	-	21 959
Waste management	8 212	(143)	8 068	7 570	-	(498)	94%	92%	-	-	-	7 741
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	53 236	5 423	58 659	50 839	-	(7 820)	87%	95%	21 189	21 189	-	74 395
Funded by:												
National Government	19 477	29	19 506	19 558	-	52	100%	100%	-	-	-	22 005
Provincial Government	2 343	4 078	6 420	4 985	-	(1 435)	78%	213%	-	-	-	24 343
District Municipality	-	-	-	-	-	-	-	-	-	-	-	-
Other transfers and grants	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	21 820	4 107	25 927	24 543	-	(1 383)	95%	112%	-	-	-	46 348
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-
Internally generated funds	31 416	1 316	32 732	26 296	-	(6 436)	80%	84%	-	-	-	26 206
Total Capital Funding	53 236	5 423	58 659	50 839	-	(7 820)	87%	95%	-	-	-	74 395

**Appendix E5 - Unaudited
Langeberg Municipality
- Cash Flows**

Reconciliation of Table A7 Budgeted Cash Flows

Description	2016/2017							2015/2016
	Original Budget	Budget Adjustments (i.t.o. s28)	Final adjustments budget	Actual Outcome	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Restated Audited Outcome
R thousand	1	2	3	4	5	6	7	8
CASH FLOW FROM OPERATING ACTIVITIES								
Receipts								
Ratepayers and other	463 225	11 125	474 350	462 772	(11 577)	97.6%	99.9%	427 416
Government - operating	122 459	1 480	123 939	112 845	(11 094)	91.0%	92.1%	75 959
Government - capital	21 820	1 700	23 520	23 964	444	101.9%	109.8%	46 368
Interest	6 249	-	6 249	8 743	2 493	139.9%	139.9%	6 650
Dividends	-	-	-	-	-	-	-	-
Payments								
Suppliers and employees	(528 395)	0	(528 395)	(540 336)	(11 941)	102.3%	102.3%	(460 118)
Finance charges	(7 945)	-	(7 945)	(2 897)	5 049	36.5%	36.5%	(2 861)
Transfers and Grants	(134)	-	(134)	(133)	2	98.8%	98.8%	(749)
NET CASH FROM/(USED) OPERATING ACTIVITIES	77 278	14 305	91 583	64 958	(26 625)	70.9%	84.1%	92 665
CASH FLOWS FROM INVESTING ACTIVITIES								
Receipts								
Proceeds on disposal of PPE	-	700	700	1 746	1 046	249.4%	#DIV/0!	3 786
Decrease (Increase) in non-current debtors	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	550	-	550	-	(550)	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-
Payments								
Capital assets	(53 236)	(5 423)	(58 659)	(51 045)	7 614	87.0%	95.9%	(72 368)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(52 686)	(4 723)	(57 409)	(49 299)	8 109	85.9%	93.6%	(68 582)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Short term loans	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	22	-	22	949	927	4279.2%	4279.2%	1 032
Payments								
Repayment of borrowing	(7 931)	-	(7 931)	(4 591)	3 340	57.9%	57.9%	(4 576)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 909)	-	(7 909)	(3 642)	4 267	46.1%	46.1%	(3 544)
NET INCREASE/ (DECREASE) IN CASH HELD	16 683	9 582	26 265	12 016				20 540
Cash/cash equivalents at the year begin:	85 946	103 610	189 556	103 088				82 548
Cash/cash equivalents at the year end:	102 629	129 875	215 821	115 105	(100 717)	53.3%	112.2%	103 088

(*)Reasons for varians on Page 13